APRIL 26, 1958

foreign trade

CANADA

Australia

New Zealand

United Kingdom

Northern Ireland

British East Africa

Ghana

South Africa

Rhodesia and Nyasaland

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CANADA'S TRADE WITH COMMONWEALTH COUNTRIES

Established in 1904

foreign trade

OTTAWA, APRIL 26, 1958 Vol. 109, No. 9

CANADA

2 **Canada's Trade with the Commonwealth . . .** *some 20 per cent of Canada's exports went to Commonwealth countries in 1957; Canadians bought more Commonwealth goods.*

Business Conditions in:

4 **United Kingdom . . .** *1957 picture shows output down in certain industries, exports up slightly, gold and dollar reserves rising.*

6 **Northern Ireland . . .** *industrial growth continues but foreign trade shows deficit.*

8 **Australia . . .** *fall in wool prices and smaller wheat harvest will affect export income in current fiscal year.*

10 **New Zealand . . .** *sharp fall in exchange reserves plus drop in export sales forces tightening of controls.*

12 **South Africa . . .** *some problems appearing but prosperity continues and exports expand.*

15 **Rhodesia and Nyasaland . . .** *trade deficit in 1957 resulted from fall in copper prices.*

17 **British East Africa . . .** *trade prospects not promising until controls on dollar goods relaxed.*

18 **Ghana . . .** *1958 quotas for purchase of dollar goods promise well for business with dollar area.*

20 **Where Economic Aid Goes**

21 **Canada in Commonwealth Markets**

24 **Selling from Singapore**

27 **Import Controls on Dollar Goods in the Sterling Area**

36 Businessman's Bookshelf
22 Commodity Notes
34 Foreign Exchange Rates
31 General Notes
23 Tours of Territory
30 Trade Commissioners on Tour
32 Trade and Tariff Regulations

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53894-2—1

Canada's Trade with the Commonwealth

R. B. NICKSON, *Head, Commonwealth Section, International Trade Relations Branch.*

Canadian sales to Commonwealth countries fell off last year, but purchases from these countries went up sharply.

Relaxation of import restrictions against dollar goods continued in several countries, but some were forced to intensify controls.

Decision to hold Commonwealth Trade and Economic Conference in Canada next September has aroused much interest.

THE Commonwealth is a most important and influential group in the world trading community. Commonwealth countries account for about one-third of current world trade and the use of sterling as an international currency is even more widespread. Two Commonwealth countries, the United Kingdom and Canada, are among the first four trading nations in the world today. To Canada, trade with the Commonwealth is of great importance and interest.

Sales to Commonwealth Smaller

Canadian exports to Commonwealth countries in 1957 constituted about 20 per cent of our total sales abroad, though they declined by some $50 million compared with 1956, as the accompanying table shows. This decline resulted from smaller shipments of a few important products to only two countries, the United Kingdom and the Union of South Africa, primarily because of special circumstances. Exports of wheat to both these countries were considerably smaller in 1957 than in 1956. Shipments of aluminum to the United Kingdom and of aircraft to South Africa also decreased, the latter because a large contract for military aircraft was completed. Exports of many other products to the Commonwealth, however, rose significantly in 1957 over 1956, reflecting further opportunities for diversification and expansion in this trade.

Exports to the Commonwealth are already widely diversified, so that large areas of Canadian business benefit from this trade. Our exports to the United Kingdom consist primarily of basic materials and foodstuffs such as wheat, flour, lumber, metals and minerals. Our sales to the other Commonwealth countries also include these types of materials to some extent, but manufactured goods play a much more important part than they do in our trade with Britain. The British West Indies, Australia, New Zealand, and the Union of South Africa are all important markets for our manufactured products. In many cases, Canadian exports of manufactured goods benefit from preferential tariffs. It is unfortunate that import restrictions maintained in Commonwealth countries for balance-of-payments reasons have applied particularly to manufactured goods. However, in recent years the relaxation of these restrictions has made considerable progress. This means that our trading opportunities are considerably greater now than at any time in recent years.

In 1957 Canada's imports from the Commonwealth increased substantially, in contrast to the decline in total Canadian imports. This means, of course, that the Commonwealth countries have gained a greater share of the Canadian market. Three of them largely accounted for this increase: the United Kingdom, Jamaica and Australia. Imports from the United Kingdom went up by $37 million in 1957 over 1956. The goods chiefly responsible for this rise were steel pipe and aircraft. To some extent these cannot be considered as recurring imports because the larger shipments represent special orders. Nevertheless, a wide variety of other British products—such as engines, tractors, machinery and motor cars—also sold considerably better in Canada in 1957. This diversification and expansion of Canadian imports from the United Kingdom last year indicate further opportunities in this trade. In addition, imports from Jamaica increased in 1957 by $15 million, mainly as a result of much greater shipments of alumina to Canadian aluminum smelters. Canadian imports of sugar from Jamaica and other West Indies territories also rose in 1957, and purchases of Australian sugar went up by $6 million.

General Economic Developments

The reports in this issue of *Foreign Trade* reveal the generally sound economic situation in most Commonwealth countries. The United Kingdom continues to enjoy high levels of economic activity, although there has been some falling-off in export demand. The British balance of payments became more favourable in the last half of 1957 and this situation has continued into 1958. It has been reflected in a steady improvement in the gold and dollar reserves of the sterling area which rose from $1,890 million at the end of September 1957 to $2,770 million at the end of March 1958. During the later months of 1957 and into 1958 there has been a considerable flow of capital into the U.K., attracted by favourable interest rates.

Other Commonwealth countries depend to a considerably greater extent upon the production and export of basic materials than Britain herself does. These countries have, in varying degrees, felt the effects of the decline in prices and, to some extent, in the volume of trade in basic materials which began to appear in 1957. The recession in this trade has affected adversely the balance of payments of some individual Commonwealth countries such as India, Australia, New Zealand, the Federation of Rhodesia and Nyasaland, and Ceylon. Some of these countries have started to take additional measures to preserve the balance of payments and to encourage domestic economic activity.

Changes in Import Restrictions

Many Commonwealth countries continued to make progress in 1957 in relaxing import restrictions and reducing discrimination against dollar goods. In the United Kingdom, additional basic materials were placed under World Open General Licence and may now be imported freely from dollar countries. Among these were many products of interest to Canada. In addition, dollar quotas were established or increased for leather, canned salmon, and some fruits. In Australia a considerable number of additional products were placed under various systems of non-discriminatory licensing and among the products so liberalized were various basic materials of interest to Canada. Further dollar liberalization measures were recently announced in Australia. The Union of South Africa also introduced liberalization of its import restrictions in 1957, particularly those applying to motor vehicles and to goods needed by industry. (These restrictions have, since

Canadian Trade with the Commonwealth

EXPORTS TO THE COMMONWEALTH

($000,000)

	1955	*1956*	*1957*
United Kingdom	769	813	738
British West Indies (incl. Bermuda)	42	49	51
Australia	58	48	49
Union of South Africa	56	65	48
India	25	26	29
New Zealand	22	18	17
Pakistan	6	11	11
Hong Kong	7	7	8
Federation of Rhodesia and Nyasaland	4	5	5
Malaya and Singapore	3	4	3
Ceylon	3	3	3
Malta	4	4	3
Nigeria	1	1	2
Ghana	1	1	1
Other Commonwealth countries	5	1	3
Total Commonwealth countries	1,006	1,056	971
Total Canadian exports	4,282	4,790	4,841

IMPORTS FROM THE COMMONWEALTH

($000,000)

	1955	*1956*	*1957*
United Kingdom	401	485	522
British West Indies (incl. Bermuda)	55	64	80
India	35	31	29
Australia	26	26	29
Malaya and Singapore	29	29	27
Ceylon	16	17	15
New Zealand	12	12	12
Mauritius	*	8	10
Union of South Africa	6	8	7
Hong Kong	6	6	7
Fiji	5	6	7
Ghana	4	4	6
British East Africa	13	7	5
Nigeria	1	1	2
Other Commonwealth countries	1	2	3
Total Commonwealth countries	610	706	761
Total Canadian imports	4,712	5,710	5,623

*Included with British East Africa.

53894-2—2

1954, been on a non-discriminatory basis.) The principal products still restricted are consumer goods, which are subject to quota. In Ceylon further liberalizations were introduced and that country now maintains few import restrictions which work against Canadian trade.

In a few countries the balance-of-payments situation forced the intensification of quantitative restrictions. This was particularly true of India where import controls were introduced last year on virtually all classes of goods, so that at present Indian imports from both dollar and non-dollar sources are severely restricted. New Zealand also encountered additional balance-of-payments difficulties, particularly in the second half of 1957, and this led to its Government imposing new restrictions early in 1958. These apply to both dollar and non-dollar sources and the degree of discrimination between such sources has not been increased.

Intra-Commonwealth Trade Relations

There were some important developments in Commonwealth commercial relations in 1957. Among these were the signing of a new trade agreement between the United Kingdom and Australia. By virtue of this agreement Australia obtained the right to reduce tariff preferences on a wide scale and during the year preferences were actually cut on a range of products, chiefly industrial materials. New Zealand and the United Kingdom held trade consultations in 1957, designed to improve the marketing arrangements for New Zealand products in Britain. A new trade agreement concluded between Canada and the Federation of Rhodesia and Nyasaland provided for the continuation of the exchange of preferential tariff treatment between the two countries. Bilateral trade discussions were held between Canada and the United Kingdom in 1957 and following these a Canadian trade mission, made up of senior businessmen and led by the Minister of Trade and Commerce, toured the United Kingdom with the primary purpose of encouraging Canadian imports from that country. Canada kept under close review in 1957 the need for development capital in various Commonwealth countries and consultations were held with some of them on this matter. Additional loans and grants have been extended in recent months to Far Eastern countries and to the West Indies.

A most important 1957 development in the field of Commonwealth trade was the decision to call a Commonwealth Trade and Economic Conference in 1958. This Canadian initiative was discussed in a preliminary way by the Commonwealth Finance Ministers at Mont Tremblant in September 1957 and it was subsequently decided to proceed with the Conference. It will be held in Montreal in September. Commonwealth countries have displayed considerable interest in this Conference in recent months and preparatory official consultations have been held. •

United Kingdom

▶ *Investors are regaining confidence in sterling.*

▶ *Deficit on visible trade sharply reduced.*

▶ *Exports to Canada up 10 per cent in 1957.*

W. GIBSON-SMITH, *Commercial Secretary, London.*

THE United Kingdom Government currently has two main preoccupations. One is the stability of sterling, a major economic objective. The 6 per cent bank rate (reduced from 7 per cent on March 20), the highest since 1929, is one part of this campaign. The gold and dollar reserves rose to $2,539 million at the end of February 1958, but it was officially stated then that the battle was only half won. However, the 1 per cent drop in the bank rate shows that the Government believes that the capital which fled the country last summer has regained confidence in sterling and returned to Britain.

Halting Inflation

The other preoccupation of the authorities is to damp down inflation. The Government is holding its own spending and that of organizations whose finances it controls to the level of last year. It is also maintaining tight bank credit in a determined effort to halt the inflation which has persisted for more than ten years. Though it is not clear whether these measures or the sharp fall in import prices are responsible, the cost-of-living index is one-tenth of one per cent below the mid-November figure.

Industry's 1957 Record

At the end of 1957, the index of production stood at 138 (1948=100) but for the second successive year, no over-all trend was evident. The situation has changed since 1956, however, because the recovery in the automotive industry is bolstering weaknesses in other industrial fields.

Crude steel production in 1957, at 21.6 million tons, was up 5 per cent over 1956; it has slowed down in recent months, reflecting a falling demand for handmill tinplate and galvanized sheet. Small coal is in surplus and industry is being told to use more of this type so that all coal imports can be eliminated.

The order-book for aircraft, particularly for defence purposes, is down and some large firms are spreading their risk by diversifying; a conspicuous example is the Hawker Siddeley group which has acquired control of the Dominion Steel and Coal Company. In contrast,

shipbuilding orders on hand are nearly 400 thousand tons higher than for the past four years, although new orders fell drastically in the final quarter of 1957.

The machine tool order-book, widely regarded as a significant indicator, declined to £80 million from over £100 million a year before.

Output of chemicals is still rising, but more moderately. Investment in this field in the first nine months of 1957 was up 26 per cent over the similar period of 1956.

Because of government restraints, construction was no higher in real terms in 1957, although public investment in building other than housing was still going up. Public spending in the broader sense ceased rising in real terms in 1957 and it is the policy to hold the line.

Stocks held by industry (including work in progress) increased during 1957 by 8 per cent. But a recent survey indicates that stocks of raw materials in the hands of industry have been falling, as one would expect with a very high interest rate and orders dwindling.

Trade Gap Is Smaller

The volume of United Kingdom exports continued to rise in 1957 but by only about 2 per cent. So did the volume of imports, which recovered and passed the peak achieved in the latter half of 1955. Import prices have dropped sharply in recent months to 1954 levels, but export prices do not yet reflect the drop. In fact, export prices of metal manufactures have been rising. This improvement in the terms of trade helped to reduce the visible trade gap; in February 1958 it totalled only £11.3 million, the lowest figure in a normal month for nearly twelve years. (The monthly average for the past two years was about £50 million.) It is possible that since November, for the first time in many years, Britain has been earning foreign exchange through her visible trade. The balance-of-payments figures (not yet available) which may show this take into account insurance and freight receipts arising out of trade. For six years Britain has consistently earned foreign exchange—except in 1956 during the Suez crisis—but until now, not from visible trade. It should be remembered that the winter months favour the trade balance because exports are up and imports down.

Although the drop in import prices had a salutary effect on the trade balance, it has its darker side because Britain's markets in areas producing raw materials will suffer as these countries experience a reduction in earnings. This has already happened in New Zealand and Australia. India with its vast industrialization program has been buying heavily from Britain and in doing so has run down its reserves to a very low figure. Exports to South Africa continue to be large. The greater difficulty of maintaining sales to other overseas markets accounts in part for the determination of many United Kingdom manufacturers to make a really serious selling effort in Canada.

The United States is Britain's best customer, buying a record £259 million worth of goods in 1957 and a record £22.8 million for the month of February 1958. Australia and Canada are the next best markets. Canada bought £200 million worth of British goods in 1957, a 10 per cent rise in value over 1956, and if this trend continues and Australia's purchases keep on declining slightly, will move into second place. Certainly unprecedented efforts have been and are being made to step up Britain's sales to Canada, although the figures for January and February of 1958, at £10.8 and £12.5 million, are down slightly from the corresponding months of 1957.

Trade with Sterling Area

Today, as before the war, the sterling area takes about 45 per cent of Britain's exports and Britain since 1950 has taken much the same proportion of sterling-area imports, up from the prewar 37 per cent.

It is often assumed that, with former colonies obtaining self-government, the remaining colonies will have less importance for Britain trade-wise. The figures show otherwise. In 1938, of the United Kingdom's exports to the sterling area only 16 per cent went to what are now still colonies. By 1957 these colonies were absorbing nearly 22 per cent, an elevenfold rise in terms of value compared with a sevenfold rise in exports to all other destinations, Commonwealth and foreign. Of Britain's total exports, the colonies took over 10 per cent in 1957, nearly as much as Canada and Latin America combined.

This gain in the relative importance of the colonies is reflected in relative declines in sales elsewhere. India and South Africa in 1938 represented nearly 16 per cent and 19 per cent respectively of Britain's sterling markets; each now constitutes less than 12 per cent. In the Antipodes there is a relatively smaller decrease. In fact, New Zealand until very recently increased in value as a market compared with prewar.

The colonies also became more important suppliers to the United Kingdom. Colonial products accounted for a fifth of Britain's sterling-area imports in 1957 against about an eighth in 1938. Before the war, Australia was pre-eminent, supplying about a quarter of the United Kingdom's sterling-area imports in 1938; by 1957 it was supplying only about 15 per cent. India dropped from 17½ per cent to little more than 10 per

53894-2—2½

cent on the same basis. Britain's purchases are clearly much more widely dispersed than they once were.

Employment and Wages

Until recently Britain has had very full employment, with most types of workers hard to find. The latest count showed a rise in registered unemployed to 2 per cent. This still sounds extremely low, particularly in comparison with conditions in North America. But this is a rise from 1.4 per cent in December 1956 and unemployment causes concern because it is concentrated in those regions where it has in the past been most severe—South Wales, Scotland and Northern Ireland.

The immediate response to the appearance of unemployment was in many cases to ban overtime and thus share the work more widely at some sacrifice to the steadily employed individual. The Government, for many financial reasons, has not introduced make-work planning in response to the current regional unemployment, although postwar relocation of industry took past regional unemployment into account. Wages and salaries rose 5½ per cent during 1957, down one-half per cent from the 1956 rise. The retail price index went up 4½ per cent during 1957 (chiefly because of rent decontrol), half as large an increase again as in the year before. The Government, trying to halt inflation, has repeatedly urged moderation in giving wage increases and has refused further financial assistance for the purpose of raising wages to those bodies it controls. The only way organizations such as the railways can do this is by cutting costs in other fields. The annual round of wage negotiations is only beginning and therefore the success of the policy has yet to be proved. The high rate of personal saving, perceptible unemployment, and the sharp drop in import prices should mean that substantial annual wage increases will be less taken for granted than they have been since 1945.

The Outlook

If the recession in the United States continues, Britain does not expect to be able to escape something similar. Internally, most eyes are on the wage negotiations in key industries, which are just beginning and which may set the pace for wage inflation. The out-turn of these two developments, one outside the United Kingdom and one within it, will be crucial for British economic prospects. ●

Northern Ireland

▶ *Industrial development continues in many lines.*

▶ *Agricultural exports still finding good markets.*

▶ *Pattern of trade with Canada unchanged.*

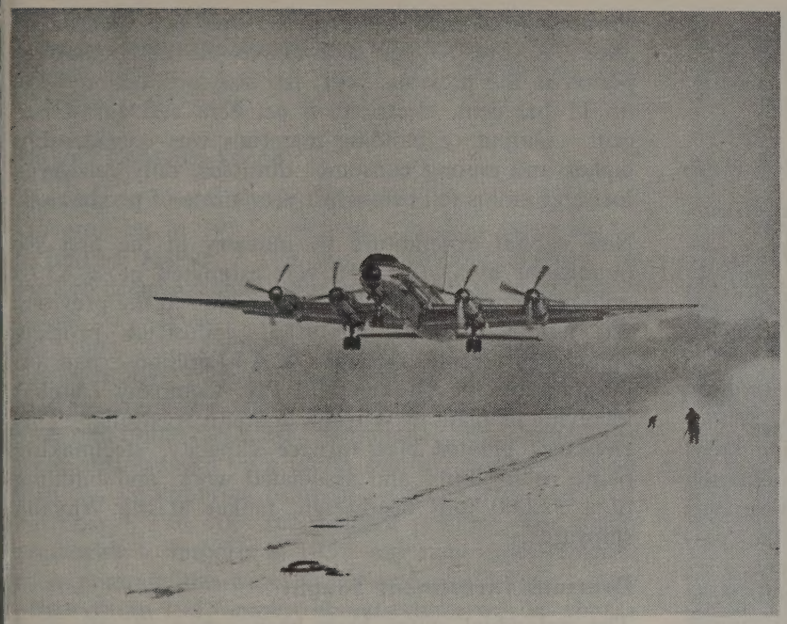
H. A. GILBERT, *Trade Commissioner, Belfast.*

NORTHERN Ireland ended 1957 with unemployment still high—almost 40,000 people—although the industrial development program made further headway during the year. Thirteen factories and extensions, totalling 854 thousand square feet, were completed and handed over.

The bank rate was increased to 7 per cent in September but other financial measures adopted in Great Britain were not applied as stringently here. For example, over £3 million was spent in building factories although in other parts of the United Kingdom expenditure of this type was strictly limited.

Early in the year it was announced that a nuclear power station would be built at a cost of £25 million, but no decision has been made about the site. Among other new enterprises scheduled are: an acetylene plant at Maydown, Londonderry; a factory for collapsible aluminum freight containers near Belfast; one for electrical components at Portadown, and one for the making of electric cable at Dunmurry, Co. Antrim. (In the last-named, an American company has a 51 per cent holding.) Several companies already in production plan extensions, including a nylon hosiery factory, a rubber dinghy and life-saving equipment firm, and a plant for the production of electro-mechanical and electronic equipment at Castlereagh, Belfast.

The strength of Ulster industry and its capacity to absorb the unemployed will depend on getting more factories of this type with an assured market for their products. Firms concerned with electronic development or any branch of industry linked with atomics find it easier to attract investment capital.



The first of five Bristol "Britannia" airliners being built in Belfast for Canadian Pacific Airlines takes off from Sydenham Aerodrome in Northern Ireland. The aircraft industry during 1957 was kept busy on orders already in hand; a five-bay flight hangar, large enough to take ten airliners plus testing equipment, is being put up.

These companies, with North American enterprises interested in the European market, probably represent the greatest hope for Northern Ireland's industrial development during this period of tight money.

Production Picture

Linen—Rising costs and uncertainty about markets both at home and abroad made it a disappointing year for the linen industry, particularly the spinning and weaving sections, and a number of the smaller weaving factories went out of business. The structure of the industry has changed considerably during recent years, with a growing trend towards amalgamation, notably in the thread section. Apart from a few public companies, most of the Irish linen firms are in private hands; many of them are small family businesses difficult to finance at a time when market prices fail to keep pace with rising production costs.

Shipbuilding—The shipbuilding industry received valuable orders in 1957 that will keep the yards busy for some time ahead. There is a possibility that some of the super-tankers now being planned will be built at Belfast and the keel of the new 45,000 ton P. & O. liner has been laid. Gross tonnage launched from the Belfast yard during 1957 was 142,815, made up of twelve merchant ships and other craft.

Aircraft—In spite of changes which led to a pay-off of employees at the end of the year, the aircraft industry made good progress with the various building programs already in hand, including the Bristol-Britannia airliners. The capacity of the Queen's Island works will be increased by the provision of a large five-bay flight hangar which, when completed, will accommodate ten airliners, with full equipment for final assembly and flight testing. The precision engineering division is concerned mainly with advanced projects in electronics and includes a large department devoted to the development of guided weapons. The general engineering section is now turning out aircraft passenger seats designed by the company; deliveries have already been made to British European Airways and Middle East Airlines.

Agricultural Exports in Lead

Northern Ireland's external trade now approaches £580 million, with imports totalling about £300.5 million and exports £275 million. Agricultural exports in 1957 reached an estimated £62.8 million, with bacon and ham (£17 million), eggs (£15.4 million) and fat cattle (£13 million) in the lead. Throughout the year there was a brisk demand for fat cattle and high prices were maintained even during seasonal gluts. Attested dairy cattle also fetched high prices throughout the year.

Under present conditions, no great change in the pattern of trade with Canada can be expected and the value will probably remain at between £12 million and £13 million. Imports of Canadian wheat in 1957 are estimated at 55,000 tons; business in the flour and feed trade remained steady. Conditions in the timber trade were stable for the first half of the year but in the autumn, market fluctuations caused some uncertainty and a falling-off in sales. •

Australia

▶ *Export earnings uncertain as wool prices drop.*

▶ *Industrial expansion, inflow of capital continue.*

▶ *Further easing of import controls unlikely.*

J. C. BRITTON, *Commercial Counsellor, Sydney.*

THE economic outlook in Australia in 1958 continues to be satisfactory and business generally is good. Widespread rains in many of the principal growing areas during the first three months of the year broke the drought that had threatened primary production; this created cautious optimism in contrast to the pessimism late last year. The buoyancy of recent years has subsided a little but industrial expansion continues. There is some uncertainty over export earnings, because the price of wool and other key commodities is declining. Wool prices still provide a reliable economic barometer for Australia and at the beginning of March they were the lowest in two and one-half years. Unemployment has not yet become serious and indeed seasonal demand for labour in the middle of March from the fruit and other food-processing industries led to a slight improvement in the employment situation. The overseas currency reserves remain high and the immediate economic outlook is bright.

Because overseas currency reserves constitute the basis of Australian prosperity, the export position will be watched closely for the rest of the current financial year. Australian exports consist largely of primary products, with wool accounting for 50 per cent of export earnings. Wool prices have trended steadily downward in the present selling season—a decline that is said to reflect a fall in world demand. Wheat, a major earner of foreign exchange, suffered from drought in 1957 and wheat and flour exports for the fiscal year are expected to total only half the foreign exchange earnings of a normal year. The recent easing of prices of metals, butter, meat and sugar will also affect Australia's balance of payments, the deficit on which is currently estimated at £A100 million for the year ending June 30, 1958. The overseas currency reserves are still satisfactory—about £A480 million —with every indication that they will not fall below £A425-£A450 million at the end of June. If this proves true, there should be adequate foreign currency reserves for the 1958-59 fiscal year.

Industrial Expansion Continues

The steady industrial expansion of recent years is continuing, despite a slight check to employment. Production of ingot steel in the first five months of 1957/58 rose 14 per cent above the corresponding period in the previous year; pig iron production went up 11 per cent, electricity 8 per cent and gas 4 per cent. Output of building materials was considerably higher and among consumer durables, only refrigerators and radios fell below last year's rate of production.

New capital expenditure by industry in the first six months of fiscal 1957/58 was estimated at £A175 million, compared with £A160 million in the previous six months. Two important industrial projects announced recently include a £A30 million expansion program by the Broken Hill Pty. Company Limited involving its plant at Whyalla in South Australia. This envisages greater blast-furnace capacity, steelmaking plant, rolling mills and associated work, and building of a 32,000 tons deadweight tanker at the Whyalla shipyards.

Overseas Investment Sought

The individual states have been active in attracting overseas investment. The State of Queensland has a mission leaving Australia for the United States, Canada and the Continent and the Premier of New South Wales will be in New York shortly to open an industrial development office there. The other states, notably Victoria and Tasmania, in recent months have sent delegations overseas to attract industries. Australia's pressing need is for risk capital not available domestically. Overseas investment has played an important role in the spectacular industrial expansion of the past ten years; the United Kingdom has furnished a major portion of the overseas capital but the United States share is increasing. A number of prominent foreign industrialists have visited Australia since the New Year. Most of them suggest that investment in industrial undertakings here is an attractive proposition because of the favourable long-range industrial outlook. The Australian Government's current restrictions on the transfer of dollar capital are described as a deterrent to dollar investors, though it is possible to work out a formula for the transfer of dollar profits.

Canadian Exports Remain Stable

In recent years Canada's trade with Australia has been conducted within fairly narrow limits. Import restrictions and Australian industrialization have changed the prewar pattern of exports to this expanding market. Previously, Canadian manufactured products of many types came in but import of these is now virtually prohibited. Despite import restrictions, Australia still absorbs substantial quantities of Canadian newsprint, aluminum, asbestos, sulphate pulp, lumber, automobile parts and components, drugs and chemicals, canned salmon and special steels. These

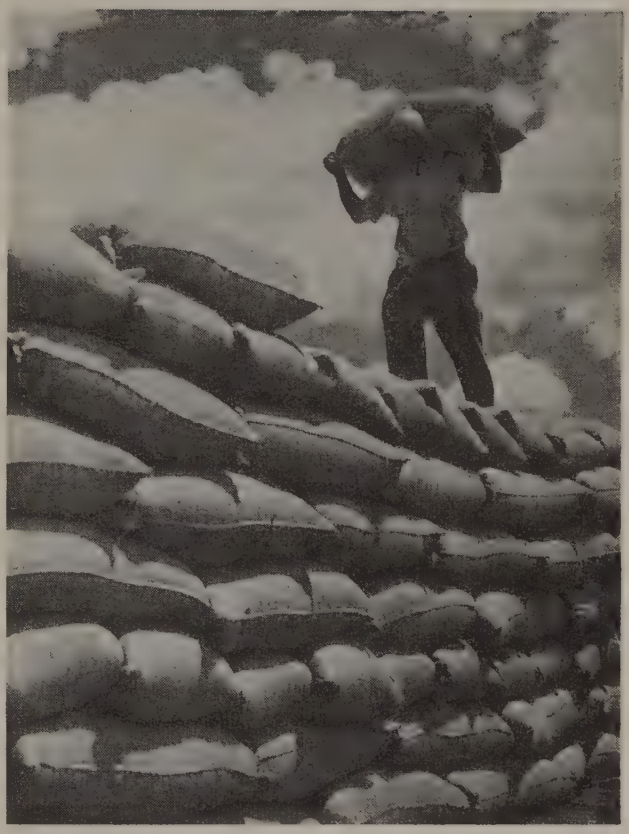
commodities, with smaller quantities of other goods, brought Canadian exports to Australia in 1957 to over £A20 million, close to the £A21 million average of the past six years.

Import Controls Eased

The import liberalizations brought in by the Australian Government in 1957 benefited Canadian exporters to a limited degree. The most sweeping changes in import licensing and licensing procedures were introduced on August 1, 1957, and are still in force. At that time, the number of commodities licensed on an administrative (world) basis was increased and these may be imported from both dollar (i.e., Canadian) and non-dollar sources. A number of commodities were also licensed on a quota (world) basis and these also can be imported from any country irrespective of currency. The sales replacement principle was made applicable to imports in 1957 and many sales-replacement commodities were placed on a world basis. The effect of the 1957 import liberalizations will be apparent in the final trade returns for the fiscal year that ends in June. It seems probable that Canadian exports to Australia have benefited directly from these modifications. The expectation was that further import liberalizations would be introduced in the present year but the uncertain export position has ruled out this possibility for the time being. It is probable that import licensing will be tightened administratively until exports improve, but that there will be no further import cuts in the licensing period April/July.

Australia Becomes Active Trader

A trade mission sponsored by the Australian Government is visiting Singapore, Malaya and Thailand to develop markets for secondary industries and expand present demand for primary products. This mission, which is headed by the Parliamentary Secretary to the Minister for Trade, includes 20 manufacturers, bankers and businessmen; they will stress Australia's industrial expansion and her ability to supply what South East Asian countries need for their development programs. This is the third major trade mission over the past year; the others—to India, Ceylon and New Zealand—achieved good results. The trade agreement negotiated with Japan in 1957 is working quite well, although some Australian industries have complained about unfair competition. Preliminary trade discussions between Australia and countries in South East Asia and Europe were held in 1957, but have not yet led to formal agreements. Meanwhile, Australian exports for the first eight months of fiscal 1957/58 totalled £A586 million—a decline from £A634 million in the same period in 1956/57. Imports were up from £A473 million in the first eight months of 1956/57 to £A535 million in 1957/58.



—Sydney Morning Herald

Australian practice is to bag about half the wheat crop in the way shown here and to handle the rest in bulk. In the 1957 season, the wheat harvest suffered because of the widespread drought and earnings from wheat and flour exports dropped.

There is every indication that Australia's exports for the current fiscal year will total about £A820 million, and imports are expected to be close to the planned annual objective of £A800 million. For the fiscal year 1956/57 Australia's exports totalled £A993 million and imports £A718 million. Because import control policy is based on the over-all trading position, it is probable that imports will continue to be closely controlled until exports rise. There is no likelihood of an immediate easing in controls that might present openings for Canadian manufactured goods.

Australia should continue to buy essential raw materials and components from Canada at or about the 1957 level. The Australian Government has accepted the principle of importing essential raw materials from the most advantageous (i.e., in price and quality) sources of supply. The list of commodities under global licensing has been steadily expanded and it is probable that more commodities will be added this year. Because these can be purchasd from any source, irrespective of the currency involved, Canadian firms are expected to benefit when the number of products licensed in this way is increased. •

New Zealand

▶ *Import control reimposed to bolster reserves.*

▶ *Consumer goods will feel the impact most.*

▶ *Controls likely to continue for some time.*

LESTER S. GLASS,
Commercial Counsellor, Wellington.

THE sudden reimposition of complete import control by the new Labour Government created great confusion in New Zealand business in general and importing circles in particular. The new Prime Minister, the Hon. Walter Nash, had stated that should he be returned to power, selective import control would be introduced. But few anticipated that the Government would go to the extreme of total control.

Reserves Fall Sharply

The immediate reason for this action was the depletion of New Zealand's net overseas assets. At the end of June 1957 these assets totalled £113 million, compared with £99.7 million in June 1956 and £103.6 million in 1955. By the end of December 1957, shortly after the new Government took office, the net value had fallen to £44.5 million, compared with £76.5 million and £64.5 million for the same date in the previous two years. There is still no sign of recovery. The Reserve Bank of New Zealand has had to realize on some of its long-term investments to bolster the reserves which by the end of February had gone down to £25.8 million, including the Bank's sterling investments.

There were several reasons for this decrease. The most obvious perhaps was the fall in export values, the result mainly of a dip in prices for New Zealand butter and cheese on the London market. Of equal importance was a marked increase in the value of imports for both private and government account. On the basis of the January/October figures it was officially estimated that total imports in 1957 will reach £348.7 million as against £315.5 million in 1956. The deficit on 1957 trading is estimated at £24.7 million and on 1958 trading at £33.5 million. At the time of writing, these estimates appear over-optimistic. The latest indication is that the deficit for 1957 will be nearer £32 million. As for the 1958 estimate, it was based on the assumption that wool sales would bring in as much as in 1957, some £107 million. However, the trend in the wool market since this estimate was made has been shaky to say the least, and many of the wool sales have reported prices appreciably lower than last year. The Minister of Agriculture has indicated that the 1958 wool income will probably be £20 million below 1957. In the past New Zealand has felt the effects of depressed prices for one or another export commodity but this has always been offset by higher prices for another product. In the present instance, however, there is nothing to cushion the drop in export prices.

The increase in private imports was influenced by what might be called panic buying on the part of certain importers. Anticipating the return of the Labour Party and reimposition of import controls, they bought far more than their ordinary requirements in order to circumvent whatever controls might be imposed. This buying became particularly noticeable in the last three months of the year. At the same time, import values increased because of price rises in the exporting countries and higher freight rates.

Will the Prescription Work?

So far import control is the only remedy which the Government has indicated it will adopt to correct the situation; whether it will be adequate remains to be seen. Considerable criticism has been levelled at the Government by well-qualified critics. Some maintain that import control is unnecessary and indeed a serious setback. It has been widely suggested that the real remedies should be higher taxes, higher interest rates and a drastic cut in government spending. As it stands, if the 1958 deficit is kept as low as £33.5 million it will mean a cut of 10 per cent in imports just to meet it—let alone replenish the already dissipated reserves. And if the terms of trade continue to go against New Zealand the import cut will have to be greater.

Less Impact on Dollar Goods

The import restrictions have been designed not to upset local industry and it is largely on consumer goods that the axe has fallen. Because, in the interests of the dollar reserves of the sterling area, very few consumer goods from dollar countries were allowed to be imported, it is the sterling area and more particularly the United Kingdom that will bear the brunt of this decrease in imports.

This does not mean that exports from Canada will not suffer. However, the categories where cuts occur are fewer for dollar goods than for goods from the sterling area. Among Canadian exports, motor vehicles, some types of paper, canned fish and perhaps lumber will suffer most.

The previous import controls had two objectives. The first was to maintain, with the rest of the sterling area, a healthy dollar position. The second was to protect

industries that have developed in New Zealand since 1938 and for which the now obsolete tariff of customs duties does not provide adequately. A steady policy of decontrolling imports from the dollar area was followed and a fairly wide range of goods, from whatever source, were freed from import controls. Under the new policy these again come under full control.

Responsible officials have stated that there will be no discrimination between dollar imports and soft currency imports but that each will be cut proportionately. However, the very mechanics of the new schedule may react unfavourably upon dollar imports. Briefly, the schedule is in four main parts. The first embraces goods for which licences up to any value are automatically granted when these goods are imported from sterling countries; in this category come the formerly world-exempted goods. The second covers items under a quota based on a percentage of imports during, in one section, 1956 and in the other 1957. Then there is a group covering goods applications for which will be judged on their merits. Finally there is quite a wide range of goods import of which from any source is prohibited. For dollar imports, regardless of which group they fall into, each application is processed individually and the licence may be refused. In the first two groups, licences for sterling imports are granted automatically and importers are thus inclined to follow the line of least resistance.

Protecting Domestic Industry

The new Prime Minister has also indicated that his Government intends to make use of import control to protect local industry. Perhaps the thought in mind is that by so doing New Zealand will be relieved of the need to import many things that are being made locally and which could be produced in greater quantities if the impetus was given domestic producers. To follow this to the obvious conclusion might have far-reaching effects. Although New Zealand's labour position is somewhat better than it was three years ago, there is still over-full employment which amounts to a labour shortage. Stepping up local production will probably mean greater overtime pay, and this in its turn an increase in purchasing power and intensified inflationary pressure. The cost of living, which has slowed down very considerably in the last 18 months, will tend to spiral upwards again.

It is highly unlikely that the policy of stimulating local industry will develop any export surpluses of manufactured goods. Local production costs would make them too high-priced and with the inadequate labour force, it does not seem likely that output could be increased enough to fill the gap left by imported goods and also supply foreign markets. New Zealand will have to depend on her traditional exports of agricultural products to develop export credits.

Export Markets Reviewed

The Government has protested strongly to the United Kingdom about the admission of subsidized exports of butter from the Continent and if this protest is heeded, the United Kingdom price may improve. In any case, prices for dairy products have probably reached bottom.

Exports of frozen meats should continue strong and new markets are being developed. Of particular interest is a new venture on the part of one or two meat packers who are putting up lamb, cut to comply with American practices, in hermetically sealed plastic containers. It is said that these cuts are meeting with an excellent reception in the United States, Jamaica, Hawaii and South America. It is hoped that exports of timber and lumber to Australia will rise considerably and pulp and newsprint shipments to Australia and the South West Pacific are improving steadily. The Tasman Pulp and Paper Company's newsprint mill is now nearing capacity production and last year turned out 60,000 long tons of newsprint. It also produced an exportable surplus of 35,000 long tons of sulphate pulp and sold it to Australia and the United Kingdom.

About the only product that might cause a further deterioration in export values is wool. It is too early yet to say what the final outcome will be but to date

Bales of New Zealand wool at dockside, awaiting shipment abroad. Prices at wool sales have dropped and the income from wool exports this year may be £20 million less than in 1957.

53894-2—3

prices at the local sales have been weak, largely because France, also faced with foreign exchange difficulties, has been buying very little.

Tariffs and Trade Agreements

The revision of the Customs Tariff which has been occupying the Board of Trade for some two years was completed in November, but nothing has yet been done to implement it. It is possible that it will be introduced at the next session of Parliament in June. However, with the present Government's partiality for the use of import control rather than the Customs Tariff to aid industry it may be shelved for the time being.

Off and on, the question of negotiating a trade treaty with Japan has been aired. It was brought up again by the Prime Minister of Japan during his visit to New Zealand at the end of last year. Nothing definite has come of it and because New Zealand is preoccupied with exchange difficulties and the coming Commonwealth trade talks, any further move appears unlikely unless Japan presses strongly for it.

Controls Will Probably Remain

In summary, New Zealand must continue to depend almost entirely on the export of agricultural products to bring in the necessary overseas exchange; with the exception of forest products, there seems little chance of diversifying foreign sales. Against the background of the world economic picture it seems that some time will elapse before the terms of trade move more in favour of New Zealand. It may be assumed, therefore, that import controls now in effect will continue for an appreciable period. ●

South Africa

▶ *Capital inflow for development shrinks.*

▶ *Imports increase sharply as controls relaxed.*

▶ *Prospects for Canadian exports still bright.*

IAN V. MACDONALD,
Assistant Trade Commissioner, Johannesburg.

CANADA'S second largest Commonwealth market entered the year 1958 enjoying continued prosperity but faced with some big problems. These include a fall in foreign exchange reserves, inadequate inflow of foreign capital and of immigrants, over-taxed communication and transportation facilities, agricultural surpluses, a shortage of skilled labour, integration of native labour, and a somewhat low average of productivity. But these problems can be easily exaggerated to obscure the economic development which has taken place during the last twenty years and which has benefited all sections of the population.

Capital Inflow Dwindles

To look first at the problem of capital, as a young country with a tremendous potential for further development, South Africa's capital needs are substantial. Until recently, foreign risk capital has been forthcoming in amounts sufficient, when combined with South African money, to permit a high level of investment. For various reasons the inflow of risk capital has dwindled and has been replaced, at least temporarily, by a *net* capital export. At the same time, South African investors have become more conservative and inclined to lodge their funds chiefly in fixed-interest securities rather than equities. Last year the government-owned Industrial Finance Corporation was formed to mobilize funds for additional credit to industry.

During 1957 foreign investment in the Union went into such industries as chemicals, engineering, textiles and consumer goods. Sporadic overseas buying of South African gold-mining shares as a hedge against deflation also contributed to total overseas investment.

During 1957 a loan of $25 million was obtained from the World Bank and a $20 million revolving credit was arranged, through Dillon, Read & Company, with a group of United States commercial banks. The latest loan brings the total of World Bank loans to South Africa to $160 million, of which $100 million is for expansion of the railways and $60 million for new electricity production. In addition, on March 26, 1958, the International Monetary Fund agreed to let the Union buy $25 million from the Fund and to draw an additional $25 million in foreign currencies over the next twelve months.

With its rapidly expanding population and because it is in a favourable position to serve the growing African

markets to the north, it seems likely that South Africa will soon again attract the serious interest of overseas industrialists and investors.

Agricultural Surpluses Appearing

The appearance of agricultural surpluses has also caused some anxiety. Signs of weakness in South African agriculture developed last year and 1958 may mark the end of a cycle of profitable years for the South African farmer. However, mechanization and enlightened farming methods place him in a fairly strong position to meet reduced prices for many of the export staples. Wool, which enjoyed firm prices during 1957, is now threatened with a slump; the price has already dropped by about 30 per cent this season to its lowest level in ten years, about 3/1d. per lb. Exports of wool in 1957 totalled £67 million, making it South Africa's second most valuable export after gold, but earnings this year may decline.

Indian corn is the leading South African grain crop. It increased its export earnings by £3 million in 1957 to £19.3 million but the outlook now is clouded by falling world prices and the increased offerings expected from the western hemisphere.

Wheat has become a leading South African crop, to the detriment of Canadian sales. The 1956/57 harvest was estimated at over nine million 200-pound bags but the 1957/58 harvest will be an estimated 600 thousand bags less.

Fruit exports declined slightly in 1957 to £26.6 million. According to an American marketing expert, South Africa's citrus industry is facing a difficult future because it has rapidly increased production of large size but ordinary quality oranges, although top quality oranges are much more in demand in the markets on which it depends. Because domestic consumption is relatively low, a serious over-production problem looms. Up to November 30, 1957, citrus fruit exports totalled almost 7.7 million cases, or about one million more than at the same period of 1956.

Sugar production went up by 70,000 tons in 1957 to a total of 881 thousand tons; 162 thousand long tons were exported, chiefly to the United Kingdom and the Rhodesian Federation. South Africa retains first place as a producer of wattle bark and extract, although exports in 1957 were off somewhat to £5.7 million.

Mining Industry Strong

Gold and diamonds have always played a leading role in the Union and each achieved record production in 1957, although the rate of increase in gold output was somewhat lower than for the previous two years. Among the projects which will raise South Africa's gold production still further is the Western Deep Levels Mining Company in the far west Rand, in which £20 million is being invested. The rise in diamond sales through the central selling organization to £76.8 million was accounted for chiefly by a larger turnover in gem stones.

New platinum production that brought the Union's output to 330 thousand ounces in 1957 has enabled South Africa to displace Canada as the world's leading producer. However, market prospects for platinum have deteriorated with the slowing down of industrial investment in the western world and 1957 levels may not be maintained.

Uranium grew in importance during 1957; it is chiefly produced at very low cost as a byproduct of gold mining. Coal exists in the Transvaal in almost unlimited quantities but production has been running at only about 35 million tons per year. The pithead price of coal is roughly $1.35 per ton, and export possibilities may be good once the inland transportation problems are solved.

Transportation Troubles Eased

These problems are being tackled energetically and if the plans currently under way for improvement and expansion of the South African Railways are carried out, much of the congestion and the inadequacy of the system can be overcome. This would benefit particularly producers of bulk commodities such as chrome, manganese, iron ore, and coal, which could then be offered in large volume for export. The £700 million expansion program of the S.A.R. is expected to be completed by 1961. In 1957 expenditure on the railways reached £116 million, or more than half of the country's budget.

South African port facilities appear to be overburdened, with delays from time to time because of a shortage of berths and unloading facilities and perhaps personnel as well. A five year plan for the improvement of harbours is now under way and will cost £20 million, according to the Minister of Transport.

Modernization of South African air services is taking place with the decision to purchase three Boeing jet airliners for overseas services.

Imports Rise, Reserves Fall

South African imports showed a marked increase in 1957 to over £550 million, compared with £495 million in 1956. The chief factor in the increase was the relaxation of import control on additional consumer goods, especially automobiles. During 1957 the value of motor vehicles imported rose by £26 million and of other consumer goods by £10 million above the 1956 level. Industrial demand for imports

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This young African is taking charge of a spinning machine at a textile plant in Cape Province. Secondary industry in South Africa is growing fast and, as more non-European workers find employment, they have money to spend on consumer goods.

also increased. Other commodities with larger sales included metals, metal manufactures, machinery, textiles, and chemicals. Many Canadian exports to South Africa rose but the countries benefiting most from the Union's larger purchases during 1957 were Australia, Belgium, the United Kingdom, Germany, Iran, Japan, and the United States.

What Canada Supplied

Total imports from Canada during 1957 reached $48.4 million compared with $64.6 million in 1956. This decline is substantial but has no long-term significance, because it resulted almost entirely from the decrease in sales of military aircraft and wheat from $23 million in 1956 to a fraction of a million in 1957. Ignoring these two items, South African imports from Canada actually *rose* about $7 million in 1957. Among the variety of Canadian goods which gained favour in Africa during the year were aluminum, watches, electric meters, sparkplugs, cellulose products, cotton textiles, synthetic resins, Douglas fir, hemlock, newsprint, washing machines, mining machinery, packaged foodstuffs, leather, and especially motor vehicles. A few products suffered a decline in sales; included were ladies' nylon hosiery, tallow, bond and writing paper, washing machine parts, and sodium compounds.

Fewer Controls Help Sales

The relaxation of import restrictions, although by no means complete, has stimulated to some extent exports of Canadian-made consumer goods to the Union, despite the fact that market prospects were affected by the enforced absence of many Canadian branded lines during the earlier years of import control. As relaxation is extended through the consumer goods category, it is expected that Canadian washing machines, refrigerators, rotary lawn mowers, sardines, canned salmon, smoked salmon, used overcoats, textiles, foodstuffs, sporting goods, nylon hosiery, and a host of other consumer goods will come in in increasing volume. South Africa's industrial progress should lead also to expanded sales of Canadian raw materials for further processing.

There is little possibility that import control for the purpose of conserving foreign exchange will be removed entirely during 1958. In any case, the quantitative restrictions imposed by the Board of Trade and Industries and the various agricultural control boards will probably remain. South Africa reintroduced partial exchange control on September 23, 1957, to forestall a drain of capital following the increase in the British bank rate from 5 to 7 per cent. (Exchange control was lifted in February 1957.) These measures, which limit non-trade transfers to £10,000, are enforced by the commercial banks on behalf of the Reserve Bank of South Africa. They do not apply to foreign residents who may dispose freely of their investments in the Union.

Despite the fall in reserves, South Africa hopes to hold the line and not reverse the import liberalization trend during 1958. The Minister of Finance has indicated that the reserves are strong enough to withstand a further considerable decline which would be halted when the saturation point for imports was reached. He stated that the initial effects of import liberalization would necessarily be reflected in the reserves "but that is what reserves are for". On March 7th, total gold and foreign assets stood at £89 million compared with a low of £39 million in 1949 and £81 million in 1954.

Exports Rise

Exports of uranium rose from £38.7 million in 1956 to £49.9 million in 1957, making the largest single contribution to the increase in total South African exports from £412 million to £449 million. Exports of diamonds, wool and Indian corn also rose significantly, but lower prices affected the export earnings of lead ore concentrates, copper and sugar. Falling world prices for wool, Indian corn, base metals, and other raw materials suggest that at least some of the 1957 export gains may be more than erased in 1958. Whether total South African exports decline will depend chiefly on the export of gold, by far South Africa's largest single foreign exchange earner, with production valued at £213 million in 1957.

South Africa's most important markets in 1957 were the United Kingdom, the Rhodesian Federation, the United States, Belgium, Germany, and Italy, in that order. Canada is an excellent customer for South African industrial and gem diamonds, karakul skins and peanuts, but the bulk of the Union's exports to Canada go through third countries and there are no precise statistics covering them.

A Look at the Future

South Africa contains the ingredients for tremendous future development. Its economy is basically sound and, because of the abundance of gold, it is better able to weather a recession than most countries.

Secondary industry is expanding rapidly and now employs about 900 thousand workers (compared with 498 thousand in 1945), of which two-thirds are non-whites. Incomes of non-Europeans have been rising steadily, with the result that they have become an important new market for consumer goods. However, rising incomes for the native population imply higher production costs in the Union, which could affect the profits position of the gold-mining industry and companies dependent on export trade. A rise in the price of gold would, of course, greatly stimulate the value of both South African exports and imports and would minimize the effect of increased costs.

Today the Union faces the challenge of inducing large-scale immigration of Europeans and foreign capital, both of which will be required in large volume if optimum economic development of the country is to be attained. For various reasons South Africa has been able to attract only a very small fraction of the approximately 3.4 million persons who emigrated to the British Dominions during the postwar period.

South Africa will also have to find a means of fostering agriculture and manufacturing without resorting to restrictions. However, the general feeling is that the reasons for confidence outweigh the uncertainties, and that South Africa can look forward to many years of prosperous development. ●

Rhodesia and Nyasaland

▶ *Fall in price of copper affects earnings.*

▶ *More stringent import controls may be needed.*

▶ *Canada is selling wider range of products.*

WILEY J. MILLYARD,
Trade Commissioner, Salisbury.

ONE of the countries hardest hit by the recent drastic fall in the prices of base metals is the Federation of Rhodesia and Nyasaland. It ranks as the world's third largest copper producer: this metal provides 60 per cent of its exports and accounts for 35 per cent of its gross national product. It is hardly surprising, then, that with the price of copper plummeting from £400 to £160 per ton in two years, the first eleven months of 1957 brought an unfavourable trade balance of nearly £16 million in contrast to a favourable balance of £22 million for the whole of 1956. A sharp rise in imports also contributed to the reversal. Preliminary estimates for the year put the drop in sterling reserves at £47 million, with the last quarter responsible for £30 million of this shortfall. For the first time the dollar account showed a small deficit.

This serious deterioration in external dealings did not have a noticeable effect on the domestic economy in 1957 and on December 29th one of the leading newspapers reported that "when the bells ring in the New Year, they will ring down on 12 bustling, booming months in the Federation—months during which expansion has been in most cases rapid, in some spectacular. Up have gone buildings and building plans passed. Up have gone water and electricity consumption." Yet the same publication two weeks later issued a sober warning that the country was "on the threshold of four lean years" and that on June 30th next the Minister of Finance would be in the paradoxical position of announcing a budget surplus for the year and a substantial deficit for the following one that might well run to £3 million. Taxpayers could therefore look forward to an austerity budget for 1958-59 which would almost certainly include higher taxes, stringent savings, and a ruthless cutting of expenditure.

Corrective Measures

Canadian exporters with connections in the Federation naturally wonder what effect these developments may have on their trade. In particular, they want to know

whether there is a possibility that quotas will be instituted or prohibitions on dollar imports reimposed. Although the possibility of such measures cannot be overlooked, the Federal authorities are anxious to avoid them if less stringent methods prove adequate. It is significant that no changes in the import regulations were announced for the first half of 1958, though this does not signify a policy of drifting and hoping for the best.

Corrective measures are already in effect. Both the major copper-producing groups have cut production by 10 per cent in the hope that this will contribute to a price recovery. The Government recognizes the deteriorating balance-of-payments position as the most serious problem facing the country. At the end of January it announced much stiffer terms on bank loans for overseas purchases, coupled with a drastic tightening of instalment buying terms for consumers on a wide range of imported products.

Although it is too soon yet to gauge the effect of these actions on the Federation's currency reserves, they are commendable because they do not discriminate against the dollar countries. The announcement of the import control regulations for the second half of the year that will be made when the Budget is brought down on June 30th should tell the story. Any appreciable decline in the present copper prices might well force further exchange conservation measures. However, the Minister of Finance has stated that if more stringent controls are imposed they will apply equally to all countries, including the sterling bloc, and will not discriminate against Europe and America as they once did.

Canadian Trade Grows Steadily

The Federation has been in the forefront of the sterling countries that have made a determined effort in the past three years to remove restrictions on dollar imports. Today only about 10 per cent of the tariff items are on the dollar prohibited list and these are mainly luxury or semi-luxury consumer goods. These trade liberalization measures were made possible by the sale of copper and chrome ores in the United States and Canada—sales which in 1956 totalled approximately $30 million. Canadian exports did not react spectacularly, but climbed steadily from $1.6 million in 1950 to $3.9 million in 1954, and to $4.7 million in 1956; they continued to expand in 1957. About 50 per cent of Canadian sales to the Federation still consist of timber, but the effects of the relaxations are seen in the official trade statistics. These figures show an increasing flow of such diversified products as automobiles, upholstery fabrics, cedar shingles, canned sardines and salmon, frozen and smoked fish, maple syrup and refrigerated counters. All of these Canadian products were prohibited entry into the Federation three years ago.

Tobacco ranks next to copper as the Federation's second largest export; most of it is sold to Britain. Virginia leaf is the most widely grown but the crop pictured here is Turkish leaf, being sun dried at a government experimental tobacco station.

Imports from South Africa Increase

Nevertheless Canadian exporters should realize that imports from Canada still amount to only a small percentage (1.5 per cent) of the total; the United Kingdom and the Union of South Africa between them supply 70 per cent of the Federation's imports. Perhaps the most notable feature in the direction of import trade in 1957 was the 15 per cent jump in imports from the Union in the first eleven months. The level of imports from the United Kingdom, on the other hand, remained virtually unchanged (£61 million from the United Kingdom and £56 million from the Union of South Africa). A similar increase in 1958 would make the Union for the first time the number one supplier to the Federation. This gives some indication of the way in which South Africa has developed industrially in recent years, because a large percentage of the Federation's purchases consists of secondary products. South Africa now offers stiff competition in this market not only to the United Kingdom but to Canada as well.

Investment Money Flows In

Despite the apprehension over the copper situation and with no rapid remedy in sight now that world supplies exceed the demand, the long-term prospects are good

and the Federation is a country with a promising future. Several months ago a London newspaper described it as "the richest empty spot on earth" and there is little doubt that, with its untapped mineral resources and its potential for tobacco and cattle raising, the Federation offers great attractions to overseas investors. Probably there is no better testimonial to its basic soundness than the fact that the £10 million bond issue floated by the Federal Government on the London market on January 7th was oversubscribed in a few hours. This is only a single large-scale manifestation of what has been going on quietly but steadily in the sphere of private investment.

In the past three years, millions of pounds sterling have come to the Federation from the United Kingdom and the Union of South Africa for investment in land, buildings and industry, and visitors are astounded at the smart new buildings to be found in all the leading towns, with many more under way. Twelve building societies modelled on the British and South African pattern (a type of institution without a Canadian counterpart), have played a major role in development. These societies pay interest rates of up to 6¾ per cent on shares and 5¾ per cent on fixed deposits and thus attract a multitude of investors, both large and small. One such society which started in Northern Rhodesia in 1950 with an initial capital of £1,500 now has assets well in excess of £10 million, a phenomenal record of growth.

Industrial Development Proceeds.

The proudest piece in the Federation's industrial showcase is the big Kariba Dam project 200 miles from Salisbury which will harness the Zambesi River. Despite great construction difficulties imposed by two successive years of record floods which have inundated the cofferdams, the job is still expected to be completed on schedule, with the first power flowing in 1960. For the first two or three years it is expected that the copper mines of Northern Rhodesia will take up all the electricity produced. However, as more turbines are installed and output rises to the expected maximum of 1.2 million kilowatts in the 1960's, the industrial towns of Southern Rhodesia will also benefit from the availability of cheap hydro-electric power and a splurge of secondary industrial growth is forecast. This is not to say that industry has not been developing at a good clip up to the present—far from it. In 1957 alone 1,606 new companies with a total capital of £16 million were registered and secondary industry is now responsible for more than 25 per cent of the gross national product.

A large number of the new plants are being installed to make consumer goods in common demand by the African population, which totals roughly seven million. With such vast numbers, it only takes a small increase in per capita incomes to make itself felt in the retail market. The standard of living of the African people is rising at an ever-increasing tempo, broadening the scope of their requirements and creating a demand for higher-quality merchandise. It is generally recognized that, despite a high immigration rate, the white population will always remain only a small part of the total and that the disparity is likely to widen. Hence the pace at which the African develops will have a direct bearing on the size of the Federation's market and the sale of Canadian products there. ●

British East Africa

▶ *Strict dollar import controls still in force.*

▶ *Canadian purchases far outweigh sales.*

▶ *Market a sound one in the long view.*

WILEY J. MILLYARD,
Trade Commissioner, Salisbury.

BUSINESS conditions in British East Africa have improved substantially over a year ago. At that time, warehouses in all three territories (Kenya, Uganda and Tanganyika) were overloaded, following the abrupt ending of shipping phasing at Mombasa, the principal East African port, and the resulting inrush of forward orders from overseas. In the latter part of 1956 the banks clamped down on credits and business in general was in the doldrums. The year 1957, however, saw the bulk of these excessive stocks channelled into the hands of the public and wholesale inventories reduced to normal. In the light of these circumstances, it is hardly surprising that the port of Mombasa had a quiet year and that the railways expressed anxiety over the drop in traffic. It should pick up in 1958 with the resumption of a regular flow of imports, particularly as bank credits have been eased somewhat.

Restrictions on Dollar Goods Continue

It would be gratifying to report that this business upturn meant an easing of the severe dollar import restrictions that have been rigidly enforced over the past ten years, but there are no signs of any significant

liberalization. The quotas for 1958 will be approximately the same as last year—Kenya $8 million, Tanganyika $2 million, and Uganda $1 million. To acquire an import licence for dollar goods, an applicant will still have to prove to the satisfaction of the authorities that the merchandise is essential and a reasonable substitute not available from a non-dollar source.

Such tough criteria have understandably had a devastating effect on the inflow of dollar goods: in 1956, Canada and the United States only obtained .2 and 9.2 per cent respectively of this £130 million market. The 1957 figures are not yet available but they will show little change. On the other hand, Canadian purchases from British East Africa in 1956 exceeded $7 million (mainly coffee beans, tea and sisal) in strong contrast to Canadian sales of $400 thousand, an 18-to-1 ratio. As long as regulations that prevent any significant improvement in such a lopsided balance of trade are maintained, the situation is bound to remain highly unsatisfactory from the Canadian standpoint.

Agricultural Picture Confused

East Africa is generally regarded as a part of the world with vast potential natural resources that have scarcely been scratched. Much of the soil is rich and ideally suited to the growing of a diversity of crops and in most areas the climate favours agriculture. In all three territories, it is the backbone of the economy but in Uganda and Tanganyika minerals are playing an increasingly prominent role. Kenya unfortunately has failed to produce any very significant mineral discoveries to date.

This year agriculture has been a mixed blessing. In Uganda, which depends heavily on coffee and cotton, both crops and prices have been good. Kenya coffee farmers are enjoying record prices for large crops of their fine Arabica coffee and the Colony's exchange position has benefited accordingly. (Coffee is its main export.) In other phases of its agriculture the picture was far from bright; the price of pyrethrum has fallen sharply and some wheat farms are so hard hit by rust that certain farmers are turning to other crops. In Tanganyika, one of the world's major sisal suppliers, the international price has sagged so badly that most plantation owners are feeling the pinch and are anxiously awaiting an upturn.

On the other hand, mineral exploration in Tanganyika is going ahead at an ever-increasing pace. In September a well-financed group launched an aerial and surface prospecting program in a large and little-known area of the Western Rift Valley covering 34,000 square miles, where a variety of rich deposits are thought to exist. The production of diamonds continues to be substantial.

In all three territories, accompanying the rising standard of living of the 26 million Africans, numerous secondary industries are springing up in the main centres—Nairobi, Mombasa, Kampala, Jinja and Dar es Salaam—to cater to their needs.

In the over-all view, the economy of the East African territories is soundly based and they present a growing market of ever-increasing interest to Canada and foreign suppliers in general. •

Ghana

▶ *Good market for cocoa has kept earnings high.*

▶ *Wheat flour still main import from Canada.*

▶ *Sales possibilities good, if products promoted.*

M. B. BURSEY, *Commercial Counsellor, Accra.*

GHANA celebrated its first anniversary as an independent member of the Commonwealth on March 6, 1958. Formerly the colony of the Gold Coast, it is situated on the Gulf of Guinea on the west coast of Africa. It is bounded on the west by the French Ivory Coast, on the east by French Togoland, and on the north by the French Sudan. Ghana has a total area of 91,843 square miles and includes the former Gold Coast colony (23,937 square miles), Ashanti (24,379), the Northern Territories (30,486), and Togoland (13,041). The total population of Ghana based on the most recent census is 4,620,000. Accra, the capital, has a population of 135,926. Ghana's currency is sterling and it is quoted at the same rate as the United Kingdom pound.

Cocoa Earnings Support Country

Ghana's economy is at present a healthy one, though it depends almost entirely on one industry, the production and export of cocoa beans. It is the world's major cocoa exporter and because the cocoa market in the postwar years and up to the present has remained fairly strong, Ghana has been able to build up a substantial surplus which is being used for industrial development. Several new industries have been started during the past few years and others are planned.

The Volta River Project, a scheme for harnessing the Volta River to obtain electric power for large indus-

tries—and particularly for the production of aluminum from the big bauxite holdings in the country—is at present being studied by the Government of Ghana. The cost of this project is too great for Ghana to undertake it alone. However, the Government has recently announced that President Eisenhower has offered to use the good offices of the United States Government in examining possible ways in which the scheme might be started.

What Ghana Buys and Sells

Five products figure largely among Ghana's exports—cocoa, timber, diamonds, manganese and gold. Cocoa outranks the other four: out of total 1956 exports worth £86.6 million, cocoa accounted for £51 million. Ghana's principal markets in 1956 were the United Kingdom, which took goods worth £30 million, the United States £16 million, West Germany £14 million, the Netherlands £9.7 million, Italy £2.5 million, Norway £2.4 million, and the U.S.S.R. £2 million.

Imports in 1956 were valued at £88.8 million; nearly half, or £41.6 million worth, came from the United Kingdom. Other main suppliers were Japan £9 million, the Netherlands £7.4 million, West Germany £4.5 million, the United States £3.4 million, Italy £2 million, France £1.5 million, India £1.3 million, and South Africa £1.2 million.

Chief imports by commodity groups in 1956 were:

Textile fabrics and related products	£17.5	million
Transport equipment	£ 9.4	"
Metal manufactures	£ 8.2	"
Machinery, other than electric	£ 5.4	"
Petroleum and products	£ 5.0	"
Non-metallic mineral manufactures	£ 4.3	"
Cereals and preparations (including wheat flour)	£ 3.3	"
Beverages	£ 2.5	"
Electric appliances and machinery	£ 2.5	"
Fish and fish products	£ 2.2	"
Tobacco and manufactures	£ 1.7	"
Medical and pharmaceutical products	£ 1.5	"

Canadian Trade Possibilities

For many years Canada's principal export to Ghana has been wheat flour. In 1956, flour imports into that country reached slightly more than £2 million, of which the United States supplied £1.3 million worth and Canada £0.75 million.

Her large exports to the United States and Canada (mainly cocoa beans) make Ghana a net dollar earner. For this reason, she is able to establish fairly large dollar quotas each year to cover imports of essential and a few other products from dollar countries.

Many types of manufactured goods, food and other products are currently being imported from dollar countries but apart from flour, Canadian exporters have not shared in this trade.

Doing Business in Ghana

Ghana is subject to a convention signed between the Netherlands and the United Kingdom in 1871, known as the Niger River Convention, which precludes all preferential trade and tariff arrangements. Because of this convention, Ghana is not permitted to extend tariff preferences and the same duties apply to imports from all countries. In addition, Ghana is now a member of GATT, which prohibits the establishment of new tariff preferences.

The large West African trading companies, with head offices mainly in the United Kingdom, France and Switzerland, handle about 70 per cent of Ghana's total import trade. The local branches do not usually arrange for purchases: the decision is left to the parent companies at their European headquarters.

Local managers indent to head office for their current needs and usually make recommendations about the purchase of new lines. For this reason, it is essential that interested suppliers make periodic visits to this country to introduce their products to the trade and promote sales.

West Africans in general and Ghana consumers in particular tend to be conservative in their buying habits. They are extremely brand-conscious and for this reason it is sometimes difficult to introduce new

A scene at a main intersection in Accra, capital of Ghana. Note, on the left, the colourfully dressed women on their way to market and in the centre a policewoman in trim uniform.

brands or new products. Fairly extensive promotion is usually needed to obtain consumer acceptance.

Canadians interested in exporting to Ghana should take care to deal only with reputable firms and should make sure that sales are covered by import licences issued by the Controller of Imports and Exports for the Ghana Government. Licences are essential for all dollar imports and should shipments be made without the previous issue of a licence, the shipper has no assurance that convertible sterling will be released for payment. The usual method of payment for imports is sight draft although in some instances well-established firms are given credit terms. Because Accra is the main import trading centre Canadian exporters should arrange sales through agents or distributors there. Most of the larger trading companies operate branches in the other major distribution centres—Takoradi, Kumasi, Tamale, Cape Coast, Koforidua and Ho.

The Transportation Problem

All imports into Ghana, with the exception of small quantities which arrive by air cargo, come by sea. The port of Takoradi, approximately 160 miles from Accra, is the only recognized port in Ghana. The majority of ships discharge at Takoradi although sizable quantities of goods are discharged from ships onto surf boats at Accra.

The port of Takoradi is used mainly for ships' cargoes destined for the Western Region, Ashanti and the Northern Territories, and for the landing of all heavy cargo destined for use in Ghana. Light cargo only is discharged from ships at Accra, for the Accra area and the Eastern Region.

A new harbour at Tema, about 20 miles from Accra, is under construction and expected to be completed by 1962, although it may be used to a limited extent by 1960. When this harbour is finished, it will serve as the main seaport for Accra.

Many steamship lines from all over the world operate services to Ghana; the majority of them ply between British ports and Takoradi and Accra. Several lines operate services from the United States to Ghana but there is no recognized service between Canada and Ghana and shipments must therefore be routed via British or United States ports.

Outlook Seems Good

The Ghana 1958 dollar quotas for purchases of goods from dollar suppliers are considered fairly substantial. Canadian manufacturers and exporters can obtain a sizable share of this business, but to do so they must have a close and continuing personal contact with potential importers and help the sale of their products by active promotion programs. •

Where Economic Aid Goes

How large is foreign aid? Which countries receive the largest amounts and from what sources does it come? The answers to these and a number of other questions about foreign aid within the non-Communist world are given in the United Nations *Statistical Yearbook* which recently came from the press.

In 1954-56, the *Yearbook* reveals, national governments and international agencies (such as the United Nations Relief and Works Agency and the International Bank for Reconstruction and Development) distributed the equivalent of US$5.5 billion in the form of grants or long-term loans. (Military or defence aid is not included.) The largest part of this direct aid came from the United States ($2.8 billion), and from France ($1.4 billion). The United Kingdom supplied $460 million, Australia $70 million, and Canada and the Netherlands each $60 million.

Asia and the Far East received the major share of this money—$2.9 billion in direct payments. Far in the lead among Asian countries was the Republic of Korea which received $680 million; Vietnam, Pakistan, India, Taiwan, and Iran were given sums ranging between $200 million and $350 million. Of the $1.8 billion allotted to Africa, Algeria took $470 million, Morocco $150 million, French West Africa $150 million, British East Africa $110 million, and Tunisia $100 million. A total of $640 million went to South and Central America—$290 million to Brazil alone and $80 million to Mexico.

The study contains an interesting comparison of grants on a per capita basis. Using this yardstick, Israel, Jordan, Laos and Libya fared best in the years 1954-56 with an average of over $50 per person; Korea, Tunisia and Taiwan received between $20 and $50 per person. The per capita average for all countries covered in the survey was just over $5. The countries receiving less than one dollar per capita include Burma, Ethiopia, India, Indonesia, Sudan and Syria.

It is also interesting to note that some countries, including Argentina, Saudi Arabia, Chile and Venezuela, are repaying outstanding loans and these repayments exceed current aid; some have made net repayments totalling as much as two dollars per capita.

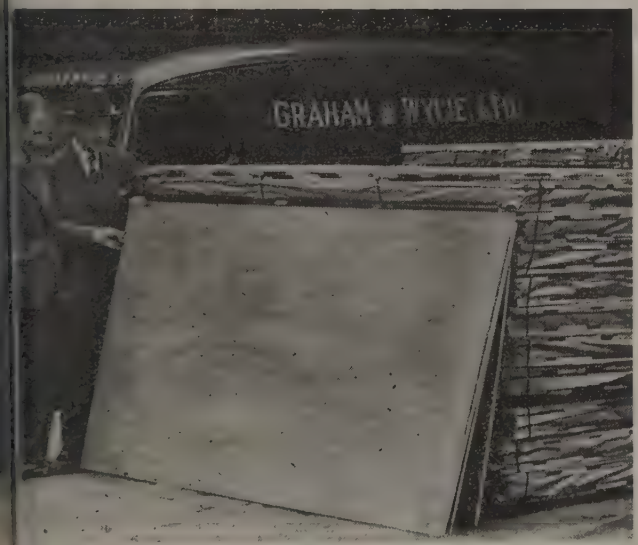
Multilateral aid given by various international agencies in the three years and totalling $550 million went mainly to Korea ($80 million), and Pakistan ($40 million). About $90 million was spent in caring for Arabs displaced from their homes in Israel.

Canada in Commonwealth Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In South Africa—At the dock in Cape Town a freighter offloads into waiting railway cars a shipment of steel rails ordered from a Canadian company by the South African Railways.

In the United Kingdom—The British Commonwealth Trans-Antarctic Expedition led by Dr. Vivian Fuchs, purchased this Canadian aircraft to carry out advance scouting work.



n the United Kingdom—Officers of a Glasgow firm inspect he shipment of Canadian birch plywood which they have nported and feel satisfied that it is of the usual high quality.

In New Zealand—The Wellington agent for a Canadian manufacturer of typewriters has arranged a special colourful window display to advertise the Canadian-made machines.

Commodity Notes

Automobiles

AUSTRALIA—The new main assembly building now being erected at Broadmeadows, Melbourne, for the Ford Motor Company of Australia Pty. Ltd. will be one of the biggest industrial buildings in Australia, and is part of the £18.5 million expansion planned by the company. Altogether, £11 million will be spent on the Broadmeadows site, which will be chiefly an assembly plant for cars, trucks and tractors. It plans to turn out more than 200 vehicles a day and to employ about 2,750 men. The remaining £7.5 million will be spent on extensions and improvements at the Geelong plant, which will become the company's manufacturing centre in Australia. It is stated that eventually Ford will produce an all-Australian car—Melbourne.

SWEDEN—In 1957, Sweden produced 52,367 private cars (value $81 million), 1,948 buses ($12 million), and 17,339 trucks ($64 million), a total of 71,654 vehicles, valued at $158 million. Car exports rose from 17,000 in 1956 to 28,000 in 1957 (from $50 million to $64 million in value), and imports valued at $97 million in 1956 increased to $119 million in 1957—Stockholm.

Cellophane

CHILE—The Government has authorized the installation of a factory at Quillota for the manufacture of cellophane under the name of Rayon Industries Quimicas S.A. Raw materials will be supplied locally. The company expects to be in a position to meet domestic demand and export the surplus during its first year, producing cellophane valued at approximately US$1.5 million, and at US$5 million when the plant is in full production—Santiago.

Chemicals

INDIA—The output of calcium carbide in 1957 rose to nearly 3,600 tons, more than 700 tons over 1956. Two new units for the manufacture of this chemical are being set up and one of the existing factories is being expanded.

The output of other alkalis also increased in 1957: hydrogen peroxide reached 611 tons compared with 325 in the previous year, bleaching earth 1,715 tons compared with 1,500, and hydrochloric acid 9,936 tons against 9,660.

Sodium bicarbonate output, which was 4,452 tons in 1956, rose to 4,784 tons. The expansion of one of the existing units was completed during the year and the other factory is expected to double its capacity in 1958—Bombay.

Coffee

BRAZIL—Coffee exports in 1957 totalled 14.3 million bags compared with 16.8 million in 1956, a decrease of 2.5 million. For the first six months of the 1957/58 crop year (July to December) exports amounted to 7.8 million bags. Shipments will thus have to average about 1.2 million bags a month from January to June 1958 to achieve a 15-million-bag export total for 1957/58. Exports in 1956/57 reached 14.9 million bags and during January totalled about 737 thousand—São Paulo.

Containers

RHODESIA AND NYASALAND—Many industries in the Federation will benefit from a container plant to be opened in Salisbury in the second half of 1958 by the Metal Box Group of Great Britain. Initially the factory will produce "general-line" containers, either plain, printed, lacquered or embossed, as required. These containers will be used for lubricating and edible oils, paints, biscuits, cigarettes, pharmaceuticals, polishes and confectionery—in fact, for any of a variety of products except processed canned foods. This industry is not yet large enough for the installation of expensive can-making machines and for the time being will have to continue to import its needs, chiefly from South Africa—Salisbury.

Glass Syringes

INDIA—A new factory, the first of its kind in India, will be set up by Hindustan Syringes in collaboration with a Japanese company named Tsubasa to make enough all-glass syringes to cover India's needs. The

Government of India will permit this joint Indo-Japanese plant to be built at Faridabad in the Punjab State—Bombay.

Mechanical Pulp

SWEDEN—Sweden will shortly introduce to the world market a new high-grade mechanical pulp particularly suitable for high-quality newsprint. Production began at the end of March at the new Marma-Långrörs AB mill at Järpen which has recently been shown to the local authorities and the press. Over a quarter of a million dollars has been invested in the new mill—Stockholm.

Motor Drill

SWEDEN—The Atlas Copco Company of Sweden has recently put on the market a new lightweight motor drill known as the *Cobra*. It weighs only 53 lb. and is said to be the lightest drill ever designed. It is a dual-purpose motor drill and breaker which is suitable for all kinds of jobs where compressor-powered tools cannot be used or are too expensive. Despite its light weight it can be employed in all types of drilling and demolition work. When operated as a drill it has a capacity of 8 inches per minute to a maximum depth of 13 feet and can be used in all positions even up to 45 degrees above the horizontal. The machine is converted from drill to breaker simply by removing three small, easily accessible components—Stockholm.

Particle Board

BRITISH GUIANA—A public company, Timber Developments (B.G.) Ltd., has been incorporated to manufacture a product called Plibord for export as well as domestic consumption. Most of the capital of BWI $850 thousand (Can.$475 thousand) is being raised locally and if the financing is completed satisfactorily a plant will be built at Providence, East Bank, Demerara. At the outset it will have an annual capacity of 6.3 million square feet of $\frac{3}{8}$ inch board, or 4.3 million square feet of $\frac{5}{8}$ inch board, or 2.1 million square feet of $1\frac{1}{4}$ inch board, or any commercial combination of these three sizes—Port-of-Spain.

Petroleum

AUSTRALIA—Australian refineries in 1957 processed 3.64 million tons of crude oil—11 per cent more than in 1956. The Minister for National Development has announced that full local demand for fuel oil, industrial diesel oil, and automotive diesel oil was met, plus 83 per cent of the Australian demand for gasoline. Exports of petroleum products reached the 875 thousand-ton mark, 108 thousand tons of which consisted of gasoline for New Zealand.

Australian consumers used 3.2 million tons of gasoline in 1957—4 per cent more than in 1956. The amount of premium-grade gasoline sold in Australia in 1957 increased by $6\frac{1}{2}$ per cent, and standard-grade gasoline by 3 per cent—Sydney.

Sugarcane

INDIA—The all-India second sugarcane estimate for 1957-58 puts the current year's area and production at 4.78 million acres and 63.5 million tons of cane. This is an increase of 6.9 per cent in area and 7.7 per cent in production over last year, attributed to good weather at sowing time—Bombay.

Uranium

SWEDEN—Production of uranium in Sweden at present amounts to ten metric tons a year. However, the aim of the Atomic Energy Company of Sweden is to increase it to 120 tons—Stockholm.

Wool

URUGUAY—Total wool shipments from October 1, 1957, to the end of February 1958 were 43,758 bales, compared with 96,976 for the same period in the previous season. Principal exports were to Russia 7,975 bales, Holland 6,991, Britain 5,736, Switzerland 5,273, West Germany 3,884 and the United States 2,225. In this period Canada has taken only three bales compared with 99 last year—Montevideo.

Tours of Territory

W. G. BRETT, Assistant Commercial Secretary in Caracas, Venezuela, will visit the Netherlands Antilles from May 5-15.

W. G. HUXTABLE, Assistant Trade Commissioner in Singapore, will visit Bangkok, Thailand, from May 11 to May 25.

W. VAN VLIET, Trade Commissioner in Guatemala City, Guatemala, will visit San Jose, Costa Rica, May 5-10, and Panama City and Colon, Panama, May 12-17.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Brett at Caracas, Mr. Huxtable at Singapore, and Mr. Van Vliet at Guatemala City.

Selling from Singapore

M. P. CARSON, *Trade Commissioner, Singapore.*

The Singapore office of the Trade Commissioner Service covers not only Malaya and Singapore but also Burma, Thailand, and the British Borneo territories. Here Mr. Carson, who has spent the last two years in this area, reviews trading practices and prospects in each part of it. He wrote this article just before returning to Canada to visit a number of cities and talk with Canadian businessmen. He will begin his tour in Vancouver on May 5 and his detailed itinerary appears on page 30.

Mr. Carson became a Trade Commissioner in 1948 and before going to Singapore served in Detroit, Washington and São Paulo.

THE countries covered by the Singapore office all have a hot and humid climate, with heavy annual rainfalls. Their agricultural production is large and, unlike other countries in Asia, their populations relatively small, and they can therefore export certain agricultural products. Rice from Burma and Thailand helps to feed the people of South East Asia. Minerals are also important. Petroleum produced in Brunei and Burma looks after the needs of the area. Tin is found in Malaya, south Thailand and south Burma; iron ore is plentiful in Malaya; bauxite from south Malaya and Sarawak supplies aluminum smelters in Japan; Burma produces wolframite ores, lead, silver, and zinc.

Industrially the entire area is under-developed but efforts are being made to change this. Increases in population have led to an upsurge in the demand for goods and for employment opportunities. The major industrial operation throughout the area is the processing of raw materials, such as the refining of tin, the milling of rice, the processing of mineral and vegetable oils and rubber, and the treatment of ores for easier export. All these countries rely principally on agriculture and the extractive industries to earn foreign exchange to pay for imports of food, consumer goods and manufactured products.

MALAYA

THE Federated States of Malaya, including the nine Malay States and the Settlements of Penang and Malacca, achieved complete independence from the United Kingdom on August 31, 1957. This new nation is taking its place as a full member of the Commonwealth and is embarking on a future which, in many respects, is more sound economically than in most areas of South and South East Asia.

With a wealth of agricultural products and mineral deposits and the comparatively small population (for Asia) of 6.5 million, Malaya has been one of the major earners of foreign exchange in the sterling area. A campaign to increase rice production to lessen reliance on imported rice is making headway.

Rubber exports in 1957 (they account for 46.7 per cent of total export earnings) passed the one-million-ton mark for the first time since 1951, but because the average price was down from that of 1956, the foreign exchange returns were slightly smaller. Tin blocks, ingots, bars or slabs accounted for 10.8 per cent of total 1957 Malayan exports, and other principal exports included iron ore, bauxite, palm oil, coconut oil and canned pineapple.

The Government has plans for creating a favourable investment climate but the development of industries will be left mainly to private enterprise. Among inducements which Malaya intends to offer foreign investors are a five-year "tax holiday" for all pioneer industries and a guarantee that dividends distributed to shareholders will be tax-free for five years. It will also set up a committee to advise on applications for tariff protection. There are to be no restrictions on the repatriation of dividends or capital invested by overseas shareholders. Government sources have indicated that the best prospects are in industries that

will cater to the domestic market, rather than large-scale ones which require export outlets.

Naturally the Federation has not lost sight of the importance of the basic rubber industry. Replanting of rubber trees with high-yielding strains is continuing with government assistance and the rubber industry is becoming more efficient and productive year by year.

Indonesia sends more goods to Malaya than does any other country but the bulk is for re-export—e.g. rubber, copra, etc. The United Kingdom continues to be Malaya's leading supplier and enjoys 17.7 per cent of her total import trade. Japan has been active in Malayan trade and now has about 6 per cent of it. Australia, after a concerted effort, improved its share of the market by C$6 million in 1957 over 1956. Mainland China increased exports to Malaya by C$9 million in 1957, or 21 per cent over 1956, with total sales just slightly under those of the United States. West Germany achieved a 23 per cent increase in exports to Malaya in 1957.

Canadian exports to Malaya represent approximately 10 per cent of the market enjoyed by the United States. In 1957 Canada exported goods worth M$16.6 million (C$5.5 million), down from the C$6.1 million of 1956, with wheat flour, automobiles, automotive parts, outboard motors, asbestos, newsprint, files and rasps, apples, canned and frozen fish, canned goods, synthetic resins, drugs and chemicals figuring largely in the trade.

SINGAPORE

SINGAPORE is the entrepôt trading center for South East Asia. It is politically separate from the Federation of Malaya, although the two are interdependent economically. As an entrepôt center, Singapore has few industries although the Government is trying to attract some. A small domestic market (1.5 million), the absence of tariff protection, and relatively high labour costs act as deterrents.

Singapore has an automobile assembly plant, one producing asbestos cement pipe and sheet, a tin can factory and a number of smaller industries. Its banking, insurance, postal and telegraph facilities and its port installations are well developed and provide essential trade services for all South East Asia. Much of the rubber and copra from surrounding countries is sold through Singapore, and tin ore is sent to it for refining.

As a member of the sterling area, Singapore complies with import and exchange controls on dollar goods. Customs duties are levied only on liquor, tobacco and petroleum products and there is a registration fee on automobiles. The same import and exchange controls operate in both Singapore and Malaya. Only so-called essential items are freely licensed from the dollar area and the granting of an import licence automatically guarantees exchange.

However, articles not included in the freely licensed group can be shipped to Singapore via Hong Kong at an added expense of approximately 5 per cent. Thus the market in Singapore is technically open to all products from the dollar area, with the exception of the few prohibited items. In 1957 Canada exported M$5.6 million (C$1.9 million) worth of goods to Singapore via Hong Kong, compared with United States exports of M$80.6 million (C$26.9 million) via that port.

A Canadian exporter who receives orders from Singapore for non-licensed goods can prepare shipments to go via Hong Kong. The Singapore importer's agent in Hong Kong arranges for a Hong Kong/Singapore bill of lading. Payment from Singapore is delivered to a Hong Kong agent, who in turn negotiates the purchase of dollars on the free foreign exchange market in Hong Kong. A letter of credit is then opened in favour of the Canadian firm. The goods do not have to be landed or transhipped at Hong Kong.

Agency arrangements in Singapore invariably include Malaya and the Borneo territories and Canadian firms should ensure that the agency selected is able to

cover these areas either through branches or resident agents.

SARAWAK

SARAWAK is the largest of the three British Borneo territories in both land area and population (634 thousand). Rubber, white and black pepper, and sago flour are the major earners of foreign exchange. In 1957 Sarawak had a favourable balance of trade of M$36.09 million (C$12.03 million). Total exports in 1957 were valued at M$499.52 million (C$166.51 million), and imports at M$463.43 million (C$154.48 million).

In April 1958 production of bauxite will begin and this new venture will add to Sarawak's economic prosperity.

The Government of Sarawak intends to introduce legislation to attract pioneer industries to the colony. It will probably allow the import, free from customs duty, of building materials, tools, plants, machinery, etc., and also extend income tax concessions.

There are the usual restrictions on dollar goods imported into Sarawak but importers are able to use the entrepôt trading services of Singapore and Hong Kong. There are a growing number of firms which are concerned with obtaining direct agencies. In general, though, it is still possible for Canadian companies to appoint agencies in Singapore that can cover Sarawak as well.

NORTH BORNEO

NORTH Borneo contains only 390 thousand people. Rubber and timber are the major sources of foreign exchange earnings and the country's prosperity is intimately linked to world rubber prices. Hemp, copra, cutch and tobacco are also exported. There are the normal sterling-area restrictions on dollar imports but on October 1, 1957, a specific licence system against an over-all quota was introduced. This was intended to allow the import on a merit basis of dollar goods, particularly those essential to development.

Rubber replanting with select seed continues, with government assistance, and cocoa appears to be a promising crop.

Canadian exports to North Borneo are small and agency arrangements in Singapore usually handle the needs of merchants in the colony. As in Sarawak, there are an increasing number of local firms which want direct connections with prime suppliers.

Poor transportation facilities hamper the colony's development and the improvement of airfields, ports and highways is receiving attention.

BRUNEI

OIL is the economic backbone of this small Sultanate The 114-thousand-barrel per day output provides its 60,000 people with social services well above the scale of its neighbours. Brunei earns more foreign exchange than it spends and wise investment policies are designed to guarantee prosperity for the years when oil resources approach depletion.

A number of local firms are interested in direct agency arrangements but the market is small and Canadian firms would be just as well advised to use the trading houses in Singapore to cover Brunei. The Shell Oil Company is the largest single purchaser.

THAILAND

THAILAND'S population of 20 million has enjoyed reasonable prosperity through the years, largely because of sizable export surpluses of rice, which brings in over 40 per cent of the country's foreign exchange earnings. The rice harvest for 1958 is expected to drop to about 1.2 million tons from 1.6 million in 1956, because of a late monsoon, but there are ready markets for the export surplus.

Imports into Thailand in 1957 were the largest ever following relaxations in import restrictions, but a surplus of consumer goods was apparent in the market in early 1958. An overstocked market and a tight money supply raise some doubts about imports in the current year.

United States aid plus World Bank loans are helping Thailand's economic development, particularly the improvement of transportation and large power schemes.

Canadian exports to Thailand, at $2.05 million in 1957, consisted principally of flour, files and rasps, motor vehicles and parts, television receivers and parts, aluminum, asbestos, lanterns, farm machinery and tallow. There are sales prospects for a variety of Canadian products but Japanese competition is formidable, so is that from European and British exporters.

BURMA

ON October 18, 1957, Burma celebrated the tenth anniversary of independence. Many serious problems continue to hinder the search for peace, security and economic well-being. Despite some successes against rebels, insurgency is still a major issue. Recent changes in development planning put less stress on industrialization and more on greater agricultural output and mineral extraction.

Foreign exchange reserves by the end of 1957 had fallen to $77.5 million from $112 million at the begin-

ning of the year. Unfortunately the large rice exports in 1957 (slightly over two million tons) will apparently drop to approximately 1.3 million tons in 1958. This, plus dwindling foreign exchange reserves, could lead to reduced imports.

Among the encouraging features in Burma's present situation are the sizable loans granted by the World Bank, the United States ICA program, and India. These loans are being used to increase agricultural production and teak extraction and to improve the services of the Port of Rangoon. Projects under World Bank and ICA loans are available for world-wide tenders and there may be prospects for Canadian firms interested in supplying equipment. Otherwise the Burmese market for dollar goods is limited.

Steps are being taken to attract foreign investment and in January 1958 the Government announced that expenses incurred in prospecting for minerals and oil would be exempt from taxation.

For further information on business conditions and trading prospects in this area, see reports in the March 1, 1958, issue of "Foreign Trade"—Editor.

Import Controls on Dollar Goods in the Sterling Area

International Trade Relations Branch.

The following is a summary of current import controls in sterling-area countries as they apply to Canadian products.

UNITED KINGDOM

IMPORTS into the United Kingdom from dollar countries (Canada, the United States, 14 Latin American Republics, Philippines, and Liberia) continue to be regulated by a licensing system that provides for three types of licence representing varying degrees of control.

World Open General Licence—Goods in this category are virtually restriction-free; they may be imported by any person from any country without limit as to quantity or value, and without the formality of an application for licence.

The range of goods under World Open General Licence was considerably extended as from August 1, 1957. Among the goods for which licensing formalities were removed were wheat and flour, barley, oats, peas and beans, soya beans, linseed and soya bean oil, oilseed cake and meal, fish meal, raw furs, softwood, coated papers and boards, and unwrought copper, lead and zinc, all previously under Open Individual Licence; also rye, certain oat products, bladders and casings, dressed furs, abrasives, hardwood, various forms of metals, and certain chemicals, all previously under specific licence. Because aluminum, nickel, platinum, iron ore, various ferro-alloys, scrap metal, asbestos and wood pulp were already on World Open General Licence, practically all basic raw materials (including agricultural) for industry, as well as many metal semi-manufactures and various chemicals, are now restriction-free.

Open Individual Licence—This type of licence requires an application from the individual trader; it is usually valid for a stated period and generally requires periodic returns of imports, but it does not specify quantity, value, or country of origin.

The dollar products which continue under Open Individual Licence are especially certain clover and grass seeds, sugar, petroleum products, and some types of ash and hickory handles.

Specific Licence—Goods not admissible under World Open General Licence or Open Individual Licence require a specific licence covering each transaction.

Canadian products requiring specific licences include meats, dairy products, honey, fish, fruit, tobacco, leather, most chemicals, newsprint, and practically all fully manufactured goods. Some of the foregoing are covered by a Token Import Scheme available to Canada and the United States, under which licences are assured up to 30 per cent by value of the individual trader's average annual exports of such goods to the United Kingdom in 1936-7-8. Licences are also granted up to the amount of quotas, established annually, for certain other products, including cheese, honey,

canned salmon, apples and pears, canned fruit, tobacco, leather, and motor cars. In March 1958 a new quota for canned apples was announced, assuring licences valid to June 30, 1958. The extent of Canadian participation in these quotas depends on the competitiveness of the Canadian product compared with those of other dollar countries.

AUSTRALIA

AUSTRALIA permits imports from the dollar area under four general classifications:

(*a*) Goods exempt from import licensing.

(*b*) Goods subject to licences which are freely granted.

(*c*) Goods subject to world licensing, which is free of discrimination as between currency areas, under the following classifications:

1. Subject to administrative decision.
2. Subject to quota.
3. Subject to an import replacement system.

(*d*) Goods subject to individual licensing, which applies to all those not subject to the above licensing arrangements.

Exemptions—The list of goods which are now exempt from licensing from all sources includes nickel ingots and shot, narcotic drugs, petroleum products, ferrous alloys, and abrasives.

Freely Licensed—Books and printed matter (excluding fiction and magazines such as comics, westerns, etc.) are licensed freely from the dollar area.

World Licensing—At present some 64 items are licensed on a world basis.

Thirty-one items are subject to world licensing on an *administrative basis.* Goods in this category are subject to individual licensing and the Department of Trade considers each application on its merits. The items of greatest importance to Canada in this group are ingots of aluminum and copper, nickel anodes, newsprint, crude asbestos, and orlon and other synthetic tops.

Twenty-one items, including certain chemicals for X-ray and photographic industries, welding rods and greases are subject to *world quotas.* Licences for goods in this group are issued by Collectors of Customs on a quota basis according to allocations set for each firm by the Department of Trade.

Under the *import licensing replacement plan* importers are able to obtain licences equal in value to the goods which they have imported. Among the goods which are subject to world replacement are natural hog casings; adding and computing machines; cash registers; multigraph, addressing and cheque-writing machines; pulp for paper manufacture; abrasive grains, and titanium dioxide.

Individual Licensing—All goods from Canada and other dollar-area countries, other than those which are exempt or licensed under one of the systems outlined above, are subject to individual licensing. It is understood that Australia's policy in general is to grant permits to import goods from the dollar area only if such goods are not available locally or from non-dollar sources.

On March 31 the Australian Government announced the addition of 13 items to the list of commodities exempt from licensing and 27 items to the list of goods which are licensed on a world basis. These are included in the lists given above.

UNION OF SOUTH AFRICA

THE Union of South African import control regulations were greatly simplified for 1958 and at the same time were liberalized.

The new regulations cancelled all existing commodity import control lists and replaced them with three commodity groupings as follows:

1. Those goods which may be imported into the Union without an import permit.

2. Those goods which may be imported on a sales replacement basis.

3. Those goods which may be imported on a quota basis determined from time to time.

Under this simplified import control system, most imports into the Union will either be admitted free of import permit or on a replacement basis.

Items now exempt from licensing include textiles, lubricating oils, grease, gasoline and additives, paraffin, crude oil, transformer oils and a few other items.

Among the items that may now be imported on a sales replacement basis are raw materials; consumable stores and maintenance spares for industry; motor vehicles, knocked-down or built-up; agricultural machinery, apparatus, appliances and implements; dairy utensils and machinery; domestic equipment; disinfectants in bulk; drugs; earthmoving and roadmaking plant and machinery; hairdressing equipment; hotel kitchen equipment; industrial plant and equipment; insecticides in bulk; knitting machines; liquor; musical instruments; medical, surgical and dental requirements; office equipment; outboard motors; gasoline pumps; sewing machines; tools; maintenance spares and accessories for the above goods.

The small number of goods that still will be limited by quota includes books and periodicals and general merchandise, mainly consumer goods. Registered importers of these items will be given import quotas that are either a percentage of their 1948 imports of such items or, if the applicant was not an importer in 1948, a percentage of his annual sales in a more recent year. In 1957 total quotas for these items amounted to 60 per cent of 1948 imports or of sales turnover. The first round of quotas for 1958 amounted to 40 per cent.

Licences are granted without discrimination as to country of origin.

NEW ZEALAND

IN January of this year the New Zealand Government intensified its import restrictions.

Under the new licensing regulations effective January 1, 1958, imports from all sources require licences. Before this, a large proportion of goods from non-dollar countries did not require a licence and about 170 items could be imported from all sources without restriction. Under the new regime, licences for some 66 items imported from Canada and the United States will be freely issued up to the amount applied for. Approximately 40 other items from Canada and the United States are subject to quota restrictions and licences for these goods will be allotted up to a specified percentage of the value of imports made by the importer from Canada and the United States in the calendar year 1956.

Goods from Canada and the United States that have not been designated as freely licensed or subject to quota restrictions will continue to be subject to individual licensing.

FEDERATION OF RHODESIA AND NYASALAND

DURING 1957 considerable progress was made toward relaxation of import controls applicable to dollar countries. This liberalization trend has reduced the discriminatory feature of the Federation's import control policy. Out of a total of approximately 725 items and sub-items in the tariff, only about 50, when coming from dollar countries, remained in the restricted category during 1957.

Apart from the goods exempt from import licensing, quotas have been established which permit imports from the dollar area up to prescribed ceilings. Quotas in force during 1957 included wheat, motor vehicles, piece goods, and electric stoves and washing machines.

Dollar import regulations, including quotas, remain unchanged for the first half of 1958.

INDIA

INDIA greatly intensified its import restrictions during 1957. Previously a number of products were permitted import from dollar countries under World Open General Licence. This licence was cancelled in 1957 and all products were made subject to individual licensing or to quota. Among the products which are subject to quota are many of interest to Canada, such as basic materials. India will also not license imports of capital goods unless long-term payments are arranged.

The liberalization of discrimination which was introduced in 1956 has been continued. All non-dollar import licences of over Rs.5,000 will be valid for imports from the dollar area to the extent of 50 per cent of their value. Licences of a value of Rs.5,000 or less may be used to their full extent for imports from the dollar area.

PAKISTAN

ALL commercial imports into Pakistan are subject to an import licence, irrespective of the country of origin. There is no discrimination as to currency sources in the Pakistan licensing system. A number of products of interest to Canada may be imported in limited quantities. No major changes in Pakistan import licensing were made in 1957.

CEYLON

MORE than 200 essential products may be imported freely into Ceylon from the dollar area under World Open General Licence. Other products are subject to individual licensing and in most cases licences are freely issued to importers who apply for them, particularly to registered Ceylonese traders. No licences are issued for imports from the dollar area of confectionery, toys and games and licences are issued in token quantities only for alcoholic beverages. At present import restrictions do not have any significant effect upon most imports from Canada.

SINGAPORE AND FEDERATION OF MALAYA

ALL imports from the dollar area into Singapore and the Federation of Malaya are subject to an import licence and licences are issued for a restricted list of products. For the purpose of licensing, imports from Canada and other dollar countries are separated into three categories:

1. Goods licensed freely.
2. Goods licensed on the merits of each case.
3. Goods licensed only under special conditions.

A number of products of interest to Canada are included in each of these categories. During 1957 the Federation of Malaya announced that applications to import capital equipment from the dollar area would be sympathetically considered.

GHANA

GHANA has established a quota to cover total imports from Canada and the United States in 1958. This quota is larger than in 1957. The product using the largest proportion of the quota is flour but many other products, particularly food, capital goods and hardware products, are being imported from dollar countries.

HONG KONG

ALL commercial imports from Canada into Hong Kong are freely admitted under Open General Licence, except celluloid film, scrap items, films and sugar. These products require an import licence, irrespective of the country of origin.

BRITISH WEST INDIES

THE licensing system for dollar imports into the British West Indies falls into the following categories:

1. Products under World Open General Licence which may be imported freely from all sources.

2. Products under the British West Indies Trade Liberalization Plan.

3. Products under the Special Dollar Allocation Scheme.

4. Products subject to individual licences.

Products under World Open General Licence of interest to Canada include: onions, potatoes, split peas; fish, except fresh or frozen; meat; cheese; kraft paper, newsprint; powdered and canned milk; animal feedingstuffs; lumber; fresh apples; leaf tobacco; fertilizers and calcium carbide.

The British West Indies Trade Liberalization Plan is designed to maintain a market for traditional Canadian exports to those colonies. Canadian exporters of products listed under the Plan are entitled to apply for allocations of dollars on the basis of their exports to the area for the years 1946-1948. Provision is also made for the granting of allocations to firms which were not in business at that time and for the granting of special allocations under certain circumstances.

A few of the territories have special dollar allocation schemes under which licences are issued to import from dollar countries additional goods which are required for the economy of the territories.

Licences for the import of products other than those listed above are granted on the merits of the individual case.

OTHER BRITISH DEPENDENCIES

NEARLY all products are subject to individual licensing when they are imported from dollar countries. The general licensing criterion is that goods that are to be permitted import from the dollar area must be essential and unavailable from other sources. In many territories the import licensing of dollar goods is quite severe. Special provision is made in Mauritius and in Fiji for dollar licensing of a considerable number of products on a more liberal basis.

Further information on import controls in the sterling area may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

R. W. BLAKE, formerly Trade Commissioner in Port-of-Spain, Trinidad:

Winnipeg—June 2-3
Saskatoon—June 4-6
Vancouver—June 16-24
Regina—June 27
Toronto—June 30-July 4

M. P. CARSON, Trade Commissioner in Singapore:

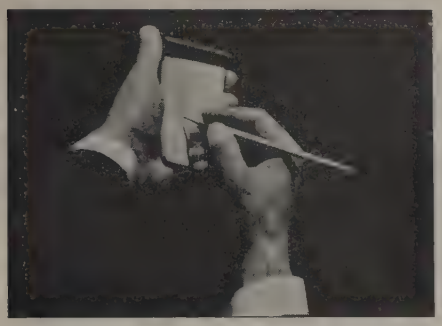
Vancouver—May 5-16
Calgary—May 20
Regina—May 21
Winnipeg—May 22-23
Toronto—June 2-10
Hamilton—June 11

The remainder of Mr. Carson's tour will be published later.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto and Winnipeg, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Index to *Foreign Trade*

The index to Volume 108 (July-December 1957) of "Foreign Trade" is now ready. If you would like a copy, write to the Editor, "Foreign Trade", Department of Trade and Commerce, Ottawa.



General Notes

Australia

NEW WHEAT STANDARD COMMITTEES—The Australian Wheat Board has announced that the f.a.q. standards for Australian wheat will in future be fixed by special state committees, comprising representatives of the silo authorities, the Wheat Board, and the growers, instead of the state Chambers of Commerce which have been setting the standards for the past fifty years. The new system will apply to all wheat grown this year. This decision was reached because of dissatisfaction with the existing system, and the opinion that those directly concerned with the ownership, handling and selling of wheat should assume full responsibility for fixing the f.a.q. standards—Sydney.

INVESTMENT CAPITAL—Company registrations in Victoria reached a record 2,582 in 1957. They covered three proprietary, 2,380 public, 27 guarantee, two mining, and 170 foreign companies. Nominal capital invested totalled A£189.2 million, comprising A£125.3 million for proprietary and public companies, A£21,100 for mining companies, and A£63.9 million for foreign companies—Melbourne.

India

FOURTH STEEL PLANT—Preparations for a fourth steel plant in the public sector in the Third Five Year Plan are envisaged in the next year's industrial development program.

The Government has made provision for $1 million to be spent in 1958-59 on preparatory work such as drilling test holes, general levelling, planning the township, constructing main roads, accommodating construction staff, and building offices.

The site will be at Bokaro in Bihar State. The consulting engineers to the Department of Iron and Steel who carried out certain preliminary investigations have recommended that the planning be based on the assumption that it would be economic to have a plant of 2.5 to 3 million tons capacity in Bokaro.

The target for steel production in the Third Plan is likely to be around 15 million tons, an increase of nine million over that in the Second Plan. Expansion of the capacity of the steel plants at Rourkela, Bhilai and Durgapur and production at the fourth plant are expected to help achieve the additional nine million tons—Bombay.

TIRE FACTORY FOR BOMBAY—A factory to make rubber tires will be built near Bombay, following an agreement recently concluded between Tata's and an Italian firm, CIAT.

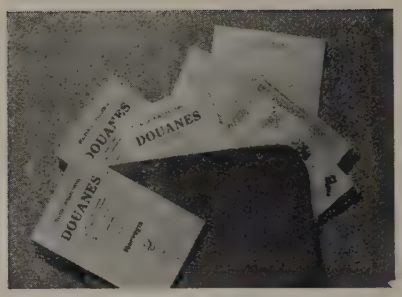
A company will be floated shortly for the purpose in which Tata's will hold 40 per cent of the shares and CIAT 60 per cent; authorized capital will be Rs.4 crores, and issue capital Rs.1 crore.

According to the production schedule, the factory will be commissioned some time in the middle of 1959. Its monthly output of 325 tons is to be stepped up gradually to a monthly target of 1,000 tons in 1961. By this time, in addition to car and truck tires, the factory will be turning out tires for heavier vehicles like tractors—Bombay.

Taiwan

REDUCED ECONOMIC AID—The Government of Taiwan is preparing to tighten import controls to cope with foreign exchange shortages as a result of less U.S. aid. The emphasis will be on closer control of consumer goods imports, including food, beverages, powdered milk and office supplies. Recently the United States announced that Taiwan will receive approximately US$60 million during 1958, a reduction of 25 per cent from the previous fiscal year. In addition to reducing imports, the authorities in Taiwan have applied for a loan from the United States Economic Development Loan Fund.

The Foreign Exchange and Trade Control Commission announced that from 1958 on, the import budget will be issued quarterly and applications and foreign exchange settlements will be made twice in each three-month period. The first quarterly import budget was announced recently; it totals US$14.17 million, including US$6.5 million in general commodity imports—Hong Kong.



Trade and Tariff Regulations

Australia

IMPORT CONTROLS—The Federal Government announced the first week in April that it had decided to maintain imports at about £800 million a year. It also gave details of exemption of some goods from licensing, reduced discrimination against dollar goods, and simplified procedures. The main changes are:

Goods exempted from import licensing—nickel ingots and shot, narcotic drugs, books of non-dollar origin, rock phosphate, some manures (mainly muriate and sulphate of potash), ferrous alloys, industrial diamonds, abrasives, mercury, razorite, cryolite, and vermiculite ore. (Narcotic drugs will still be covered by the regulations on prohibited imports and may be imported only with a certificate of approval issued under those regulations.)

Goods to be licensed by the Department of Trade without dollar discrimination—nickel anodes, pine oil, boric acid, boron salts, petroleum jelly for industrial uses, manila hemp fibres, corkwood and cork waste, diatomaceous earth, medicinal paraffin, unexposed film for TV production, thermite and other welding compounds.

Goods to be handled by Collectors of Customs without dollar discrimination—card clothing for textile-working machines, graphite and plumbago, castor oil, palm oil, magnesite (dead-burned), asphalt mastic, fullers' earth in bulk, fluorspar, vanilla beans, feldspar, kapok fibres, raw silk, earths and clays other than bentonite.

Goods to be licensed on a replacement basis without dollar discrimination—titanium dioxide, bronzing and metal powders, paper shavings and waste, granulated cork.

Goods to be licensed freely from the dollar area—books and printed matter (excluding fiction and magazines such as comics, westerns, etc.)

—Sydney, April 3.

Cuba

SHIPPING INSURANCE—The Cuban Government recently announced legislation designed to bolster locally registered insurance companies and plug corresponding drains of foreign exchange on invisible account resulting from purchases of shipping insurance abroad. Presidential Decree No. 503 of February 28, 1958, gazetted and effective March 6, 1958, directs that all insurance must be bought from companies legally registered in Cuba when covering:

(1) Import shipments where the purchase contracts specify that insurance is for the buyer' account.
(2) Import shipments for industries qualifyin under the Industrial Stimulation Law or simila regulations exempting imports from custom duties and ancillary charges.
(3) Import shipments of merchandise subject t quota control.
(4) Export shipments of merchandise requirin export or re-export permits.

Under the terms of this decree Cuban banks ar prohibited from issuing or accepting letters of credit etc., for the foregoing shipments unless the importe provides proof, in the form of an insurance certifi cate, that insurance covering transport risks ha been placed with a company authorized by th Cuban Minister of Commerce.

Jamaica

DOLLAR MOTOR VEHICLE IMPORTS, 1958—Th Jamaican Trade Board has announced that a limite amount of dollars will be released during the calen dar year 1958 for the purchase of private moto cars and light commercial vehicles originating in th dollar area.

Applicants for licences to import such types o vehicles must show that their work is connected wit any of the essential services, is most important t the community, and entails constant and extensiv travelling over difficult roads.

An authorized purchaser may buy any make o motor vehicle required either by direct import o through a local dealer in motor vehicles.

Philippines

1958 IMPORT BUDGET INCREASED—Because o some improvement in the U.S. dollar reserves, th Monetary Board has approved an import budget o $122 million for the second quarter of 1958 as agains $109 million for the first quarter.

The budget restores the 1957 quotas of essentia producers, so that all dollar-earning and essentia

industries will get additional foreign exchange to meet their raw material requirements. Similarly their suppliers and essential foodstuffs producers have had their quotas restored or substantially improved.

Fertilizers, insecticides and pesticides have been placed on the list of decontrolled items for which dollars can be obtained without quota to the full amount of the normal needs of the market. On decontrolled commodities the importer is usually freed from the necessity of making deposits to be frozen with the Central Bank up to 50, 100 or 200 per cent of the value of letters of credit established for imports of various other kinds.

The international reserves of the Philippines were shown as $153.5 million on March 12, 1958, compared with $146.6 million a month ago, $179.8 million six months ago, and $226.5 million a year ago. It may seem that the recent slight improvement shows that the tide has turned. However, the monetary authorities, in liberalizing current import policy, warned that the situation still calls for utmost care in spending dollars—Manila, March 26.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade and Industries has received the following representations respecting the tariff:

Increase in duty on:

... Industrial gloves and mitts manufactured wholly or partly from leather—

(*a*) to 2s.6d. per pair if F.O.B. price is less than 6s. per pair; and

(*b*) to 20 per cent ad valorem if F.O.B. price is 6s. and more per pair.

... Industrial gloves made from cotton or asbestos to 30 per cent ad valorem.

... Pianos from free of duty to 12½ per cent ad valorem.

The present rates of duty on leather gloves for industrial purposes are: minimum tariff, free; intermediate tariff, 3 per cent ad valorem. The minimum tariff is applicable to the United Kingdom; the intermediate tariff applies to Canada and other GATT countries enjoying most-favoured-nation treatment.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

Switzerland

QUOTA RESTRICTIONS ON TRACTORS REMOVED—Effective April 1, 1958, the Swiss Federal Council abolished the restrictive import quota system for agricultural tractors. Import licences are still required for such tractors, but they are to be granted freely.

Previously, a duty of Sw. Fr. 20.-per 100 kilos was levied on agricultural tractors if they were to be used exclusively on farm work under Swiss tariff item 896 b/M.5. The full duty of Sw. Fr. 150.-per 100 kilos was applied to industrial tractors under item 914 g. From April 1, 1958, both industrial and agricultural tractors will be dutiable under tariff item 914 g at Sw. Fr. 100.-per 100 kilos.

The new rate is not applicable to single-axle tractors and tool-carriers the import of which has not been subject to restrictions or to the quota system. These vehicles remain dutiable under tariff items 896b to 898b/M.5. at rates ranging from Sw. Fr. 20.- to Sw. Fr. 35- per 100 kilos depending upon their piece weight—Berne, April 3.

United States

TARIFF INVESTIGATION ON TUNGSTEN ORES AND CONCENTRATES—Pursuant to a resolution of the Senate Finance Committee, the United States Tariff Commission instituted on March 20, 1958, an investigation (under the provisions of Section 332 of the U.S. Tariff Act) of the conditions of competition in the United States between tungsten ores and concentrates produced in the United States and in foreign countries.

Announcement regarding hearings in connection with this investigation will be made at a future date.

In our March 29 issue we reported that the U.S. Tariff Commission had dismissed an earlier investigation ordered by the Senate to investigate the differences in the cost of production between U.S. and foreign-produced tungsten ores and concentrates.

For Further Information . . .

For reports on Commonwealth countries not covered in this issue, please refer to the following numbers:

Bahamas, British Honduras, Jamaica, Leeward and Windward Islands, Trinidad—October 26, 1957.
Burma, British Borneo Territories, Hong Kong, Malaya—March 1, 1958.
Ceylon, India, Pakistan—March 29, 1958.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.03026.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 14	Units per Canadian dollar	Notes (see below
Argentina	Peso	Official	.05392	18.55	
		Free	.02392	41.81	
Austria	Schilling		.03733	26.79	
Australia	Pound		2.1883	.4570	
Belgium, Belgian Empire and Luxembourg	Franc		.01947	51.36	
Bolivia	Boliviano	Free	.0001094	9140.77	
British West Indies	Dollar		.5699	1.75	
	Pound		2.7353	.3656	
British Honduras	Dollar		.6838	1.46	
Brazil	Cruzeiro	General Category*	.007110	140.65	*March 12
		Special Category	.003054	327.44	
		Official buying	.05285	18.92	
Burma	Kyat		.2038	4.91	
Ceylon	Rupee		.2051	4.88	
Chile	Peso	Free	.001432	698.32	
Colombia	Peso	Certificate	.1393	7.18	
Costa Rica	Colon	Official	.1729	5.78	
		Controlled free	.1506	6.64	
Cuba	Peso		.9706	1.03	tax 2
Czechoslovakia	Koruna		.1348	7.42	
Denmark	Krone		.1405	7.12	
Dominican Republic	Peso		.9706	1.03	
Ecuador	Sucre	Official	.06471	15.45	
		Free	.05940	16.84	
Egypt	Pound	Official	2.7872	.3588	
El Salvador	Colon		.3883	2.58	
Fiji	Pound		2.4642	.4058	
Finland	Markka		.003033	329.71	
France, Monaco and North Africa	Franc		.002311	432.71	
French colonies in Africa	Franc		.004622	216.36	
French Pacific	Franc		.01271	78.68	
Germany	D Mark		.2311	4.33	
Ghana	Pound		2.7353	.3656	
Greece	Drachma		.03235	30.91	
Guatemala	Quetzal		.9706	1.03	
Haiti	Gourde		.1941	5.15	
Honduras	Lempira		.4853	2.06	
Hong Kong	Dollar	Free*	.1664	6.01	*March
		Official	.1710	5.85	
Iceland	Krona	Official	.05960	16.78	
India	Rupee		.2051	4.88	
Indonesia	Rupiah	Effective buying	.03327	30.06	*March 28
		Effective selling	.02661	37.58	
Iran	Rial	Certificate	.01281	78.04	
Iraq	Dinar		2.7178	.3679	
Ireland	Pound		2.7353	.3656	
Israel	Pound		.5392	1.85	

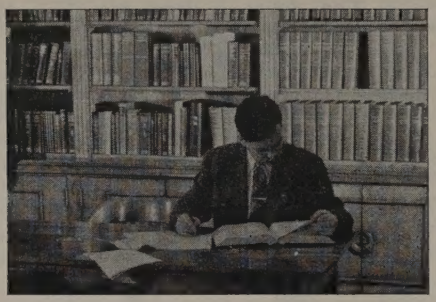
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent April 14	Units per Canadian dollar	Notes (see below)
Italy	Lira		.001558	641.85	
Japan	Yen		.002696	370.92	
Lebanon	Pound	Free	.3094	3.23	
Mexico	Peso		.07765	12.88	
Netherlands	Florin		.2561	3.90	
Netherlands Antilles	Florin		.5160	1.94	
New Zealand	Pound		2.7353	.3656	
Nicaragua	Cordoba	Effective buying	.1470	6.80	
		Official selling	.1377	7.26	
Norway	Krone		.1359	7.36	
Pakistan	Rupee		.2051	4.88	
Panama	Balboa		.9706	1.03	
Paraguay	Guarani	Official	.008868	112.76	
Peru	Sol	Certificate	.04237	23.60	
Philippines	Peso		.4853	2.06	
Portugal & Colonies	Escudo		.03387	29.52	(10)
Singapore and Malaya	Straits dollar		.3191	3.13	
Spain and Dependencies	Peseta	Controlled free	.02311	43.27	(6)
Sweden	Krona		.1876	5.33	
Switzerland	Franc		.2265	4.42	
Syria	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04694	21.30	(6)
Turkey	Lira		.3466	2.89	
Union of South Africa	Pound		2.7353	.3656	
United Kingdom	Pound		2.7353125	.365589	
United States	Dollar		.970625	1.03026	
Uruguay	Peso	Free	.1602	6.24	
		Basic buying	.6410	1.56	
		Principal selling	.4630	2.16	(6)
Venezuela	Bolivar		.2897	3.45	
Yugoslavia	Dinar		.003235	309.12	(6)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Brazil: Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
5. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
6. Additional rates are in effect.
7. France: Territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Portugal: approximately same rate for Portuguese Territories in Africa.



Businessman's Bookshelf

Commonwealth Trade, 1956-57

Commonwealth Economic Committee. 35 pages. 36 cents.

THE forthcoming Commonwealth Economic Conference lends particular interest to these facts and figures on Commonwealth trade, issued annually. The current pamphlet covers the year 1956 and, in certain sections, the first six months of 1957 and reviews the trade of the ten countries that will be represented at the conference. (Ghana and Malaya are included under the heading "Colonial Territories".)

The report emphasizes the distinct change between the trade balance in the first half of 1956 and the same period of 1957. In Britain, Canada, Ceylon and Rhodesia the trade deficit increased and in India and Pakistan, this increase was marked. New Zealand's trade surplus shrank but in Australia and South Africa it rose, with export earnings in Australia going up sharply.

The 32 statistical tables and the text accompanying them give a concise idea of the trading position of each country and of the Commonwealth as a whole. The concluding section analyzes Commonwealth markets by regions and gives details on some of the important dollar earners.

Order from: The United Kingdom Information Office, 119 Adelaide Street West, Toronto, Ontario.

The Federation of Rhodesia and Nyasaland

Office of the Canadian Trade Commissioner, Salisbury. 24 pages. Free.

THE three countries that in 1953 became the Federation of Rhodesia and Nyasaland last year bought nearly $5 million worth of Canadian goods. This figure should rise steadily, though the current drop in the price of copper may affect 1958 sales. The short-term problem happily does not affect the promising long-term future.

This booklet, second in the Department's Market Information Series, introduces the businessman to this growing market. Its 24 pages convey an astonishing amount of information about the country itself, what it buys and sells, and how it carries on its business. Written for the Canadian exporter it tells him precisely what he needs to know about selling his products there. Pictures and text also give a sharp impression of what *Fortune* recently called "the fastest growing country in Africa".

Order from: Trade Publicity Branch, Department of Trade and Commerce, Ottawa.

A Review of Commonwealth Raw Materials

The Commonwealth Economic Committee. 288 pages 16 shillings, postpaid.

THE importance of raw materials in Commonwealth trade is illustrated by the fact that the commodities covered in this study accounted for nearly one-quarter of the value of total Commonwealth merchandise exports and imports in the postwar period. Moreover, in a recent year, Commonwealth countries provided about two-fifths by value of Free World exports of about twenty of the most important raw materials, and took about three-tenths of the imports of these materials.

The Committee has collected data on production, consumption, trade, and prices of raw materials, and on sources of energy, and here discusses trends and developments in these fields. Commonwealth countries, the report shows, continue to supply a large and increasing part of the world's most important raw materials. This growth owes a good deal to developments in Canada, where large-scale surveys and heavy capital investment have exploited new reserves of minerals and hydro-electric power.

An encouraging note is sounded in the section on Commonwealth resources. Although some important raw materials are faced with competition from substitutes, traditional materials such as iron, steel, copper, lead, zinc, aluminum, asbestos, sulphur, minerals, timber, wool, cotton and natural rubber continue to be used in large and increasing quantities.

In this year of the Commonwealth Economic Conference, this kind of stocktaking should prove valuable to government planners and businessmen alike.

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